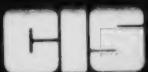


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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIA- TIONS FOR FISCAL YEAR 1986

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-NINTH CONGRESS

FIRST SESSION

ON

H.R. 3244

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANS-
PORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING
SEPTEMBER 30, 1986, AND FOR OTHER PURPOSES

PART 1 (Pages 1-861)

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE
BOARD

DEPARTMENT OF TRANSPORTATION

NATIONAL RAILROAD PASSENGER CORPORATION [AMTRAK]

NATIONAL TRANSPORTATION SAFETY BOARD

PANAMA CANAL COMMISSION

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Printed for the use of the Committee on Appropriations



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WASHINGTON : 1986

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, FEBRUARY 21, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:03 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.
Present: Senators Andrews, Kasten, D'Amato, and Chiles.
Also present: Senator Weicker.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. ELIZABETH HANFORD DOLE, SECRETARY

ACCOMPANIED BY DONALD A. DERMAN, ASSISTANT SECRETARY FOR
BUDGET AND PROGRAMS

OPENING STATEMENT

Senator ANDREWS. The subcommittee will come to order. This afternoon we begin the fiscal year 1986 budget cycle with Secretary Dole's overview hearing. As my colleagues know, the President has submitted a great many budget proposals with national significance, covering such areas as Amtrak, transit, and aviation subsidies.

In addition, several ongoing safety issues must be addressed today. Included in this category is the Secretary's December 17 request for release of fiscal year 1985 funds to continue the Department's seatbelt initiative. The continuing resolution provided \$2.5 million in startup funds, while providing for a hearing to consider release of the remaining \$7.5 million this fiscal year.

Since we need to cover many topics today, I will recognize the members of the subcommittee for opening remarks, but I hope you will hold it brief because a friend of the Secretary's wants me in his office at about 2:30 or so for an emergency farm meeting.

Senator D'Amato, do you have any opening remarks?

STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Mr. Chairman, as you have indicated, there are various time constraints on your schedule, and I think it is most important that we have the opportunity to hear from the Secretary.

Let me commend Secretary Dole for what I think was the proper course of action in her recent announcement with respect to the sale of Conrail. We are in total accord regarding the appropriateness of returning Conrail to the private sector via a negotiated sale to a private bidder. Also, let me indicate that I believe it is in the national interest and paramount that we get the Federal deficit under control and begin to reduce Government spending. However, there should be no area that is sacrosanct from careful scrutiny in our budget process. The fiscal year 1986 budget proposal does great damage to urban mass transit particularly as it affects and impacts smaller communities which rely heavily upon operating assistance, and also in terms of capital assistance. This budget would strike a devastating blow to public transit which is disproportionate to cuts suggested for other areas.

As it relates to New York State, the proposed budget would call for a loss of some \$400 million in one fell swoop. There are many regions covered by MTA and others that simply could not really afford that kind of cut. That impact would mean service curtailment for some of our smaller communities, and price increases that would go well beyond that which transit riders could realistically afford.

So, while I recognize that doing business as usual cannot be the order of the day, I think that a better approach is to plan for more moderate cuts over a period of time so that local and State governments can prepare themselves and make a transition with reason rather than one with terrible shock and painful consequences.

It is to the extent of reasoned cuts that I am willing to pledge my cooperation. But, those cuts proposed by Mr. Stockman go far beyond anything that we could reasonably expect our communities to absorb.

Senator ANDREWS. Thank you, Senator.

Senator Weicker?

STATEMENT OF SENATOR WEICKER

Senator WEICKER. Mr. Chairman, I have an opening statement which I will submit for the record. I think I would rather use my time in the question and answer format.

[The statement follows:]

STATEMENT OF SENATOR LOWELL P. WEICKER, JR.

I would like to thank Senator Andrews and all of the members of the Appropriations Subcommittee on Transportation for the opportunity to participate in today's hearing.

Throughout my career I have fought for a balanced, energy efficient, national transportation system which includes railroads and other mass transit systems. As a State Representative of the Connecticut General Assembly, a Member of the U.S. House of Representatives, and a U.S. Senator, I have repeatedly fought for active government participation in rail passenger service. I was a member of the Transportation Committee that authorized the creation of Amtrak back in 1970 and I have continually

argued that more highway trust fund dollars should be made available for States to develop and maintain coordinated systems of mass transit.

In 1970, Congress said that modern, efficient, intercity railroad passenger service is a necessary part of a balanced transportation system. I believe the administration's fiscal year 1986 budget proposal threatens the future of intercity rail passenger service in this country and completely undermines any efforts to establish a balanced national transportation system.

I welcome this opportunity to meet with Secretary Dole to discuss the administration's budget proposals for transportation and to explore the impact of these proposals not only on the residents of my State but on the entire American public.

STATEMENT OF SENATOR KASTEN

Senator ANDREWS. That's fine. Senator Kasten, do you have an opening statement that you would like to make for the record?

Senator KASTEN. Mr. Chairman, I just want to make a brief statement. We congratulate Secretary Dole on the work that she has done and has been doing. We look forward, I look forward to continuing to work with you.

Mr. Chairman, I would ask that my complete statement be included in the record.

Senator ANDREWS. It will be.

[The statement follows:]

STATEMENT OF SENATOR KASTEN

Secretary Dole, welcome to the Appropriations Transportation Subcommittee.

I want to express my appreciation for your personal commitment to upgrading our transportation infrastructures and increasing safety standards. As you have pointed out, we face many difficult choices in reducing the Federal deficit without crippling our national transportation system.

The Federal Government does have a role to play in fulfilling our transportation goals as a nation, but it must not be the sole supplier or guarantor of transportation alternatives.

No Federal bureaucrat can guarantee that the pot holes in Wisconsin will be filled, just as the train schedules are not maintained by some central computer in Washington, DC. The American people are best served by their fellow Americans closest to home. And since we represent the folks back home, we have a duty to sort out these responsibilities very carefully.

I look forward to working with you in the fiscal year 1986 budget process to improve and strengthen our national transportation resources that are most critical to our needs as a nation.

Thank you, Mr. Chairman.

STATEMENT OF SENATOR CHILES

Senator ANDREWS. I also have an opening statement from Senator Chiles who has been delayed, and it will appear in the record at this time.

[The statement follows:]

STATEMENT OF SENATOR LAWTON CHILES

I would like to echo the comments just made by Senator Andrews in welcoming you to our committee this afternoon. I look forward this year to continuing our very fine working relationship.

I must say, however, that the administration's transportation funding proposals include a number of suggestions that I'm sure the Congress will not be able to agree

with. The total elimination of Amtrak subsidies is probably one of those proposals that will not survive congressional scrutiny. The dramatic proposals in the transit area to reduce the program by two-thirds; to eliminate all discretionary grants; to reprogram 1984 and 1985 new start money away from several cities that have already received it pursuant to congressional earmarks; and the proposal to eliminate operating transit subsidies are also proposals that will probably not survive congressional deliberations. I think you already know that these proposals will not survive.

I also have concerns about the Coast Guard budget. While all the other Armed Forces are growing this year, the Coast Guard, our fifth branch of the Armed Forces and now actively involved in a drug war, is proposed for a 833-position reduction. Funding for Coast Guard operations is not even adequate to keep up with the consumer price index and funding proposed for Coast Guard construction is \$43 million less than last year and \$366 million less than 1984 funding. This very constrained construction program does not include the necessary funding to permit the Coast Guard C-130 fleet to grow to authorized strength. The constrained operations budget for the Coast Guard does not permit the agency to keep its ships at sea as many days as would other wise be possible. This forced slow down in operations will reduce Coast Guard capabilities to interdict and stop the flow of foreign drugs into our country.

Secretary Dole, while we will have a few differences with you, we do intend to work with you in a supportive manner to fund transportation programs at reasonable levels consistent with the overall climate of fiscal constraint.

This year we are all challenged by the growing deficit and all programs must be scrutinized and share in the overall constraint. We will need to look at entitlement programs, military spending, and also the revenue side of the equation. Some contribution must come from defense, taxes and tax reform, and the big entitlement programs or we will not meet the goal of moving toward a balanced budget. In this overall context, I have little enthusiasm for totally eliminating Amtrak, slashing the transit programs, and squeezing the Coast Guard, as these measures are not yet a part of a package that will significantly address the deficit. Why should we cripple or gut important programs unless it truly contributes toward a balanced budget?

Secretary Dole, I look forward to working with you this year and I will be pleased to hear your opening statement.

STATEMENT OF SECRETARY DOLE

Senator ANDREWS. We will now hear the Secretary's summary of her prepared remarks.

Secretary DOLE. Thank you, Mr. Chairman.

Senator ANDREWS. Welcome to the committee, Madam Secretary.

Secretary DOLE. Thank you, very much. I am very pleased to have this opportunity to meet with you and the members of the subcommittee to discuss the Department's fiscal year 1986 budget request.

This request reflects my personal commitment to policies, transportation goals, and initiatives supported by this administration over the past 4 years. This year I believe that it will be more important than ever to continue the dialog that we began 2 years ago regarding transportation policies and programs.

We do face many difficult choices as we seek to reduce the Federal deficit without compromising our mutual commitment to maintain a safe and efficient national transportation system. Our proposed budget will help to clarify these choices by emphasizing the proper role of the Federal Government.

At this time, more than ever before, I believe we must focus on truly national needs and leave local matters to State and local authorities. And by working together, I am confident that we can indeed meet this extraordinary challenge.

BUDGET REQUEST

The Department's fiscal year 1986 budget request contributes to the deficit reduction effort by concentrating Federal transportation resources on areas of broad national interest. It provides continued support for safety; it continues the fiscal year 1985 level of capital investment for the Nation's highway system and highway safety; and fully funds the airport improvement program.

It reduces the funding for programs that are not supported by user fees, or which do not benefit the general taxpayer; and it encourages the private sector to increase its participation and to expand its role in providing efficient transportation services.

Now, as I have stressed throughout my 2 years in the Department, I consider transportation safety to be the Department's highest priority. For this reason, I have ensured that there will be no reduction in the total level of our safety programs.

Overall, the Department's fiscal year 1986 budget proposes budget authority of \$24.7 billion, compared with \$28.5 billion for fiscal year 1985. This amounts to a reduction of \$3.8 billion, or 13 percent. More significant in the long-term fight to reduce the deficit, that portion of the budget authority proposed to be financed by user fees will continue to increase from 70 percent of our budget in fiscal year 1985, to a proposed 85 percent in the fiscal year 1986 budget.

In fact, the budget authority not financed by user fees actually declines in absolute terms by almost \$4.8 billion from fiscal year 1985 to fiscal year 1986.

As you consider the resource levels in this budget request, I think you will agree that they would permit us to make significant progress toward our mutual goal of a safer, more reliable, and more efficient transportation system, while making a significant contribution to our Nation's deficit reduction effort.

PREPARED STATEMENT

This concludes my brief statement, Mr. Chairman. I do have a longer statement that I would like to submit for the record, and I would be happy to respond to your questions.

Senator ANDREWS. Thank you, Madam Secretary. The full statement will be included in the record as if given.

[The statement follows:]

STATEMENT OF SECRETARY ELIZABETH HANFORD DOLE

Mr. Chairman , I am pleased to have the opportunity to meet with you and Members of this Subcommittee to discuss the Department's Fiscal Year 1986 budget request. This request reflects my personal commitment to the policies, transportation goals, and initiatives supported by this Administration over the past four years.

This year I believe that it will be more important than ever to continue the dialogue that we began two years ago regarding transportation programs and policies. We face many difficult choices as we seek to reduce the Federal deficit without compromising our mutual commitment to maintain a safe and efficient national transportation system. Our proposed budget will help to clarify these choices by emphasizing the proper role of the Federal Government. At this time, more than ever before, we must focus on truly national needs, and leave local matters to state and local authorities. By working together, I am confident that we can meet this extraordinary challenge.

The Department's FY 1986 budget request contributes to the deficit reduction effort by concentrating Federal transportation resources on areas of broad national interest:

- It provides continued support for safety.
- It continues the FY 1985 level of capital investment for the Nation's highway system and highway safety, and fully funds the airport improvement program.
- It reduces the funding for programs that are not supported by user fees or which do not benefit the general taxpayer.
- And it encourages the private sector to expand its role in providing efficient transportation services.

As I have stressed throughout my two years in the Department, I consider transportation safety to be the Department's highest priority. For this

reason, I have ensured that there will be no reduction in the total level of our safety programs.

Overall, the Department's FY 1986 budget proposes budget authority of \$24.7 billion, compared with \$28.5 billion for FY 1985. This amounts to a reduction of \$3.8 billion or 13 percent. More significant in the long-term fight to reduce the deficit, that portion of the budget authority proposed to be financed by user fees will continue to increase -- from 70 percent of total DOT budget authority in FY 1985 to a proposed 85 percent in FY 1986. In fact, the budget authority not financed by user fees actually declines in absolute terms by almost \$4.8 billion from FY 1985 to FY 1986.

Let me now give you a brief summary of the individual programs:

FEDERAL HIGHWAY ADMINISTRATION

Our proposal for Federal-Aid Highways continues the 1985 annual level of capital investment for the Nation's highway system to construct and rehabilitate Federal-interest highways and bridges. Our request will permit completion of our Interstate highway system as planned, if Congress acts quickly to release Interstate construction funds. FY 1986 obligations for this program will be \$14.24 billion, the same level as FY 1985. This will consist of \$13.25 billion in obligations subject to ceiling, plus an estimated \$990 million for exempt programs (\$160 million for Emergency Relief and \$830 million for Minimum Allocation projects). Virtually all of FHWA's funding will come from the Highway Trust Fund, which is financed by the Federal gasoline tax and other highway user fees.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

The total budget authority requested to continue the current programs of the National Highway Traffic Safety Administration is \$212.2 million. A program level of \$97.2 million is proposed for Operations and Research, which includes funding for safety programs ranging from occupant protection to intensified

efforts to combat drunk driving. Also included is \$20 million in both FY 1985 and FY 1986 for implementation of the national occupant protection program designed to reduce traffic accidents and fatalities. The budget proposes language to permit the application to this program of an additional \$7 million in FY 1985 and \$17 million in FY 1986 from unobligated balances in other accounts with an additional \$3 million in each year to be provided from NHTSA budget authority under Operations and Research.

Section 402 safety formula grants to states will be funded within an obligation limitation of \$126.5 million. These grants can be applied to a variety of areas, including police traffic services, emergency medical services, and alcohol countermeasures. In addition, an obligation limitation of \$28.8 million will be applied to the Section 408 alcohol safety incentive grants. While no new budget authority is proposed for this program in FY 1986, the limitation will cover obligation of the estimated carryover balances.

FEDERAL RAILROAD ADMINISTRATION

For the Federal Railroad Administration, a total of \$53.6 million is proposed. No funds are requested for Amtrak or other rail subsidy programs. Although Amtrak has achieved limited success in improving its operating efficiency, it still accounts for only 2 percent of nationwide intercity travel. Amtrak has not demonstrated either a promise of future financial viability or benefits to the general taxpayer sufficient to justify continued financing from public funds at a cost of \$4 billion over the next five years, during a period when the Federal deficit must be reduced.

A total of \$27.3 million is requested for enforcement of Federal railroad safety laws and regulations, together with \$10.4 million for safety-related research and development in equipment, operations, hazardous materials, track safety and track-train safety testing.

URBAN MASS TRANSPORTATION ADMINISTRATION

In FY 1986, a total of \$1.38 billion is requested for the various programs administered by the Urban Mass Transportation Administration. Eighty percent of this total, \$1.1 billion, will be funded as contract authority under the Mass Transit Account of the Highway Trust Fund. Under proposed legislation this would be distributed by a capital formula grant program, in place of the existing general fund program (Sections 9 and 18). Except for grants to Washington Metro, which will continue at the 1985 level until the Stark-Harris authorization is exhausted, all transit grants would therefore be financed from one cent of the Federal tax on highway motor fuels, consistent with this Administration's goal of funding the bulk of Federal transportation assistance through user fees. The formula grants would be available to finance planning, capital replacement, rehabilitation, and improvement projects. Effective in FY 1986, Federal funding would no longer be available for transit operating costs, since this matter is best addressed by local management through local decisionmaking and local financing.

The Section 3 discretionary grants program would not receive new funds after FY 1985. Currently available funding for FY 1984 and FY 1985 will be used to complete committed new start projects now under construction or new start projects which can be fully financed with budget authority for those years.

Starting in FY 1986, there will also be no separate UMTA appropriation for the Interstate Transfer-Transit program. Both transit and highway substitute projects are proposed to be eligible for funding from the Highway Trust Fund, subject to the Federal-Aid Highway obligation limitation. While some projects may be drawn out a little longer than now scheduled, we expect the overall delay in completion of the total Interstate Transfer programs to be less than one year.

A \$24.6 million FY 1986 R&D program will be funded entirely by deferral of unobligated FY 1984 balances, while the current year program will remain at the planned level of about \$50 million.

FEDERAL AVIATION ADMINISTRATION

The Federal Aviation Administration budget authority request is for \$5.13 billion, approximately 85 percent of which is proposed to be financed from user charges through the Airport and Airway Trust Fund. The budget includes \$2.7 billion to operate and maintain the nation's air traffic control and navigation systems, establish and enforce civil air regulations and administer the airport grants program. We are proposing legislation to finance 75 percent of these operating funds from the Trust Fund. Funding of \$196.5 million is proposed for FAA research, engineering and development activities. Funding for planned facilities and equipment procurements is requested at \$1.15 billion for the multi-year NAS Plan program to modernize the National Airspace System. Major new systems or replacement programs include long-range radars, airport weather detection equipment, airport traffic control towers and microwave landing systems. Full obligation of the \$1 billion becoming available in FY 1986 is requested for the airport grants program, an increase of \$92 million over the enacted limitation for FY 1985.

U. S. COAST GUARD

The \$2.54 billion in budget authority for the Coast Guard continues plans to modernize and replace aging facilities and equipment and improve its capability in safety, national defense and maritime law enforcement. A total of \$303 million is requested to fund capital improvements, including aircraft and avionics procurement and cutter acquisition and renovation. Funding of \$1.78 billion is proposed for the operation and maintenance of Coast Guard ships, aircraft and shore units, and \$61.5 million is requested to maintain a Selected Reserve strength of 12,500.

To provide grants to assist states in developing boating safety programs, a funding level of \$13.6 million, funded from user fees, is proposed. Proposed legislation will also permit establishment of user fees for certain other Coast Guard services. While estimated collections in FY 1986 will represent less than 10 percent of the Coast Guard's overall budget, it establishes an

important principle, consistent with our overall position on the Federal role in transportation.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

The St. Lawrence Seaway Development Corporation will fully use its estimated revenues of \$13.0 million, along with \$0.2 million of prior year balances to fund normal operating, maintenance and administrative costs, and to accomplish selected major maintenance and equipment replacement projects.

OFFICE OF INSPECTOR GENERAL

The FY 1986 request of \$26.95 million for the Office of Inspector General assumes termination of the IG's audit function associated with Payments to Air Carriers. It allows for continuation of other activities at the same level as in FY 1985, including funding of the bid-rigging audit staff.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Our budget proposes \$19.1 million for the Research and Special Programs Administration to fund a variety of activities ranging from Grants-in-Aid for Gas Pipeline Safety to operation of the Transportation Systems Center. It also includes funding for those former CAB data collection staff not associated with the Essential Air Service Program.

OFFICE OF THE SECRETARY

For the Office of the Secretary, we are requesting \$56.2 million, including \$47.2 million for general management and administration of the Department, \$3.5 million in new funding for contract support to the Minority Business Resource Center, and \$5.5 million for centralized research. Full year funding is provided for most of the functions transferred to the Office of the Secretary under the provisions of the Airline Deregulation Act of 1978 and the CAB Sunset Act of 1984. The exception is staffing for the Essential Air

Service Program, which proposed legislation would terminate in October 1985, three years ahead of schedule.

SUPPLEMENTALS AND RESCISSIONS

The Department's budget request also includes a number of FY 1985 proposals requiring action by this committee. We are requesting pay supplementals totalling \$47.0 million, all of which will be funded by transfer of unobligated balances or increased obligation ceilings. Similarly, most of our requested program supplementals, which include partial funding for unbudgeted CAB functions transferred to DOT under the CAB Sunset Act of 1984, are proposed to be financed by transfer of unobligated balances. We are also proposing FY 1985 rescissions or reductions in obligation ceilings totalling \$51.3 million in response to Section 2901 of the Deficit Reduction Act.

As you consider the resource levels in this budget request, I think you will agree that they would permit us to make significant progress toward our mutual goal of a safer, more reliable, and more efficient transportation system, while making a significant contribution to our Nation's deficit reduction effort.

This concludes my prepared statement. We would now be glad to respond to Committee questions.

AMTRAK

Senator ANDREWS. Let me turn first briefly to Amtrak. With the elimination of Amtrak's subsidies, according to OMB, 56 percent of the Northeast corridor passengers would turn to buses or planes. What about the other 44 percent? What studies have been done on the number who would use the already congested JFK, Newark, LaGuardia, and National Airports?

Secretary DOLE. Well, I think that certainly one of the lessons of air deregulation, truck deregulation, and bus deregulation has been that where there is a significant demand, that demand for service is going to be met. A carrier will provide it.

And having received the benefits of the \$2.1 billion Federal investment in the Northeast corridor, I think that it's quite conceivable that there will be an interest on the part of local and State entities, perhaps some private interests. There will be an interest in preserving the serv-

ice. But I am also confident that if indeed we were to assume that the rail service could not be continued, the same quality of service now available for customers of the airlines will continue to be provided.

As you know, we have a plan underway now that provides for doubling of airline service in this country through the NAS plan. So we are anticipating that there is going to be a growth and there is going to be movement, and indeed we are trying to work in that direction now. But I think that any passengers which might be diverted from rail can be absorbed.

Senator ANDREWS. Well, Madam Secretary, Amtrak now carries 17,500 passengers a day on the Northeast corridor. We are assuming almost all of those, since they want to use public transportation, would go onto the airlines. Admiral Engen has told us that we simply do not have enough concrete in the airports to accommodate more traffic. So saying the private enterprise system is going to work when it is totally dependent on the facilities that the Government provides really does not answer the challenge.

We have figures that show us that the total New York/Newark to Washington travelers, for instance, are 11,500 daily. About one-fourth of those are Amtrak. Now these New York airports and the Washington National Airport—I wonder, Madam Secretary, have you been at National last summer about 5 in the evening and sat in the plane for 2 hours waiting to take off?

Secretary DOLE. Yes, indeed.

Senator ANDREWS. Welcome to the club.

Secretary DOLE. That's why I'm so pleased at the results of the airlines in spacing out under their antitrust immunity.

Senator ANDREWS. What happens if we throw 11,500 more people daily into that already overcrowded corridor?

AMTRAK ALTERNATIVES

Secretary DOLE. Well, let me say, first of all, that there are other alternative modes. I do feel that our transportation system can absorb the passengers who would no longer be traveling on Amtrak.

But I just cannot accept the premise upon which this discussion is based, that that service is going to be terminated. I do not think that is what is going to happen. I have talked with John Riley, our Federal Railroad Administrator, about beginning discussions immediately with Amtrak, with the rail passenger groups that are interested and concerned in this area, with State and local officials who have certainly an involvement and who benefit from the funding that has been put into the Northeast corridor, and I expect that there will be a considerable amount of interest in continuing some of the service now being provided, in creative ways that those who are the beneficiaries will come up with to meet the challenge.

Senator ANDREWS. In your usual gracious way, you have passed the ball to John Riley. When he comes before us, we are going to expect from him assurances and means by which Amtrak will continue to

operate even with a zero operating funds from the Federal Government.

Secretary DOLE. I think that if service is truly desired, Mr. Chairman, I am confident that those parties who are in need of the service will find a way to finance it. I do believe that creative methods will be devised. I think that we have got to help to facilitate discussions in this area. I want to do that, and I am confident that the Northeast corridor especially will remain. I think it is a very remote possibility that that service will be shut down.

Senator ANDREWS. Well, to get out of the Northeast corridor and get to an area of the country closer to my heart, does the administration have anything that will replace the services lost by the small rural communities due to bus deregulation and airline deregulation, proposed essential air service subsidy cuts, and now the proposed Amtrak elimination?

ESSENTIAL AIR SERVICE PROGRAM

Secretary DOLE. Well, let me look, for example, at the essential air service aspect of that. Half of the communities that are serviced now because they had certificated service prior to the time of deregulation are actually within about 100 miles of a major airport, a major hub airport. So right away I think we can see the possibilities that do exist there.

If you look at the examples—for example, in Georgia about \$400,000 a year is provided for service from Athens, GA. Now that community received certificated air service prior to airline deregulation. The Federal Government pays \$400,000 a year to continue that service, and yet it's 60 miles from Atlanta. The subsidies are forcing alternative modes of transportation—for example, limousine services that have a greater number of departure times—forcing them out of the market.

There are so many examples of that sort, where it really does not seem to be the most cost efficient way to proceed. At least \$460 million has already gone into it. The idea originally of course was to have a bridge between a regulated airline community to a deregulated. Seven years have gone by. I believe the time for the adjustment has taken place, Mr. Chairman, and the additional 3 years is really not that significant.

I do not think it was ever intended that it would become an entitlement program; that it would continue on indefinitely. The bridge really has, I think, been taken care of. I think that that original purpose has been fulfilled, and the additional 3 years would not make that much difference in terms of a bridge over to the deregulated climate.

Senator ANDREWS. Well, last year, Madam Secretary, you said that no community that receives certificated service at the time of the Airline Deregulation Act has lost all service. They haven't; they've gotten much more mediocre service.

As you know, you went on to say, the essential air service program, which will be transferring to the Department at CAB's sunset, does provide that all communities receive some service. Has that pledge, now with your budget recommendation, become inoperable?

Secretary DOLE. Well, now, let me just discuss why certain things that we might find desirable in an ideal situation have to be a part of a very tough-minded approach here to cutting these deficits.

Senator ANDREWS. I am not worrying about a tough-minded approach, I am talking about living up to pledges that were extended to these communities.

Secretary DOLE. Well, I think that the people who are serviced by this particular program, the people in the communities, have a broad concern also, as we all do, to ensure that economic recovery and expansion continue in this country so that all citizens have an opportunity to participate and so that every person who wants a job has a job. And I think it is crucial that we get these deficits under control.

Now we have had to make some very hard decisions. The Cabinet met, and met, and all of us looked across all of the programs that we are responsible for to identify those that we felt were not of the top priority at this point in time. We looked at it from the standpoint, in transportation, of serving the national need, and also trying to utilize the user fee concept. Programs that had more of a regional impact or a local impact, it seemed, should be supported by local and State funds, because those funds now in many cases are showing a surplus.

We just cannot continue to do it all in the Federal Government as we have in the past, or do as much as we have.

AMTRAK AND AIRLINE SUBSIDIES

Senator ANDREWS. You are not going to get any disagreement from me on that. We have to get the deficit under control. But, Madam Secretary, in cutting out Amtrak, the figure is used that there is a \$36 Federal subsidy in every passenger ticket purchased on Amtrak. The figures that we have gotten show that is true. But it also shows that there is a \$39 subsidy per ticket for every ticket purchased on the airline. Now if you have got a \$36 subsidy on Amtrak and a \$39 Government subsidy on the airlines, why fault Amtrak for a subsidy that is less per ticket purchaser?

Secretary DOLE. You are speaking of the business deduction, the tax deduction.

Senator ANDREWS. That is right.

Secretary DOLE. I do not think that that is comparable to the kind of subsidy that Amtrak is getting. Amtrak is——

Senator ANDREWS. But the impact is the same whether it comes out of the tax expenditures or direct spending.

Secretary DOLE. No; the impact I do not believe is the same, because you are paying the subsidies directly to Amtrak when you pay 100 percent of their capital, 50 percent of their operations in direct subsidy.

Now as far as a business tax deduction, that inures to the benefit of the corporations whose personnel are traveling. That is part of our Tax Code which is not designed as a subsidy to the airline industry. If a number of people who are on business determine to travel by air more so than on Amtrak, I think that comparing their legitimate business ex-

pense deduction to a cash subsidy is really comparing apples and oranges. That to me is not an appropriate measure to use.

TRAINS LIKELY TO CONTINUE

Senator ANDREWS. Have you identified, when you say that some of these trains would continue to be run by someone other than the Federal Government, have you identified those areas, those lines that you feel will continue to be run?

Secretary DOLE. No; as I mentioned, John Riley and I have discussed the fact—

Senator ANDREWS. And John will have that information when he comes?

Secretary DOLE. Well, no. [Laughter.]

John and I have discussed the fact that we want to facilitate discussions among those who are likely to have an interest, because they are the recipients of the services.

Now as you mentioned—or maybe you did not—but we talked about—

Senator ANDREWS. Go ahead, put words in my mouth. [Laughter.]

REDETERMINING PRIORITIES

Secretary DOLE. We talked about it earlier, that 2 percent of intercity travel is on Amtrak. When you are looking at national priorities, Mr. Chairman, I think that it is hard to imagine a list coming forward of places where perhaps priorities need to be redetermined without having Amtrak on the list.

Senator ANDREWS. Of course if you are in—

Secretary DOLE. It is only 2 percent of the travel. It is subsidized systemwide to the tune of \$35 per passenger. In some areas, in fact, it is much higher. I believe there is \$140 subsidy per passenger on the route between Los Angeles and New Orleans. Heaven knows, you really could buy them the plane tickets there for the subsidies. So you have got to, I think, do some redefining of Federal priorities here.

Senator ANDREWS. Perhaps, Madam Secretary, but remember the Commerce Clause of the Constitution mandated Congress to provide for the movement of people and their goods from State to State. Some of us feel that we have a responsibility for that.

Take a town like Devils Lake, ND. It is 100-and-some-odd miles from the nearest town that has airline service. It lost its airline service because of airline deregulation. It now has Amtrak service. Without Amtrak service, where do you go?

Secretary DOLE. Mr. Chairman, you drive 100 miles.

Senator ANDREWS. Oh, sure, then you park your car and then you get on something else.

Secretary DOLE. I mean, I do not think that is unreasonable, if we indeed have to make some hard decisions, that we do not have the funds to continue to do what we have done.

Senator ANDREWS. The Federal Government, Madam Secretary, said "use it or lose it," and those trains are full. They are not partly full; they are full. The subsidy from the Federal coffers is less on Amtrak from whatever account you take it than on the airlines.

Secretary DOLE. Well, I cannot accept that——

Senator ANDREWS. Well, fine, but they are still using that service——

Secretary DOLE [continuing]. Comparison. I just do not think it relates.

BUDGET RECONCILIATION

Senator ANDREWS. That is really where the debate comes. But let me—and I know my colleagues, particularly my colleague from Connecticut and my colleagues from Florida and New York will have more questions to go on Amtrak and I would not want to steal their thunder—this morning, with my other committee hat on as a member of the Budget Committee, a group of us were with Chairman Domenici of the Budget Committee, and we were talking, of course presupposing, in a reconciliation of the budget figure the \$1.2 billion that we will get from the sale of Conrail.

Now if we presuppose that in reconciliation and it does not come to pass, do we take it out of FAA? Do we take it out of the seat belt program? How sure are you, Madam Secretary, that that \$1.2 billion will be a lead-pipe cinch to be in the Government's Treasury coffers?

Secretary DOLE. That is up to you, Mr. Chairman. It is up to the Congress whether or not that deal, which is very much in the public interest, goes forward. I have spent many, many, many months negotiating the three deals which we have had as finalists on the table. We were able to get the price up 20 percent from the point where we started, at the same time that we negotiated a set of very tough covenants designed to ensure the financial strength of Conrail.

I think what that deal does is provide a number of covenants, restrictions which ensure that cash stays in the company and that there will not be expedited abandonments. It not only provides these and all sorts of other things that will inure to the benefit of the shippers and the communities involved, but it also means that combination with Norfolk Southern is going to ensure the strength of the railroad for all time.

You have got a railroad there as a purchaser which has the highest operating and maintenance standards, high profitability, and all the rest. So I am quite satisfied that the offer we have provided to you is one that, after discussion, will be accepted.

But it is now in the hands of the Congress to make that determination.

Senator ANDREWS. But you recognize that there are some problems there? At least you sounded that way when you began your comment on the question. The problem, the challenge this subcommittee faces—and I speak as only one member—is that if we suddenly find ourselves reconciled to a \$1.2 billion windfall that then suddenly does not come to pass, where do we take it from? FAA, or whatever else? That is the challenge we face.

DEPARTMENT OF JUSTICE VIEW OF CONRAIL SALE

Part of the reason that we are beginning to wonder—and maybe you can shed some light on this—the Department of Justice, your colleague in the Cabinet, the Department of Justice has said that without divestitures of track in certain markets, the proposed sale of Conrail to the Norfolk Southern would be contrary to the antitrust laws.

When will Congress see a map of the new rail system which is supposed to provide competition so we can make an accurate judgment on it?

Secretary DOLE. Well, the maps are available right now.

Senator ANDREWS. They are?

Secretary DOLE. The Justice Department did a very, very thorough—

Senator ANDREWS. Will your people send one of those to the committee, say tomorrow?

Secretary DOLE. Surely. Absolutely.

[CLERK'S NOTE.—The information referred to was supplied to subcommittee staff. Because of size, it is not reproduced here, but is maintained in subcommittee files.]

Secretary DOLE. The Justice Department's analysis was a very thorough and painstaking one over a 6-month period and of course they retain jurisdiction until all of this is done. If certain lines are divested to small railroads, the way we have set it up would have a procompetitive effect, because they would not go to just one small railroad but to a number of small railroads. What Justice has said is, if indeed those divestitures are made, certain trackage rights and reciprocal switching agreements are made, indeed they will give clearance that there is no anticompetitive aspect, and we would see the merger then as having some procompetitive aspects because of the strengthening of small railroads.

But Justice ensures, through what they have required of Norfolk Southern, that where there are three railroads now, there would be three later; where there are two now, there would be two later. There would be no diminishing of effective competitors or competition in a general sense.

Senator ANDREWS. Would you object to having the enabling legislation referred to the Judiciary Committee so that those of us on the Appropriations Committee could be satisfied that the sale fully complies with the antitrust laws and we can accept that kind of reconciliation?

Secretary DOLE. Well, I think that when the Justice Department has spent 6 months doing a very exhaustive and thorough analysis and a very independent analysis, they have gone point by point over every market that might be affected in any way, and they have come out with a very thorough report, the first thing to do is to focus on exactly what Justice has required. I think it will satisfy those who have a concern in this area.

Senator ANDREWS. And you think that the divestitures that are required will be approved by Congress?

Secretary DOLE. The divestitures that Justice requires?

Senator ANDREWS. Yes; the Department of Justice, as I understand, has said that without divestitures it violates antitrust laws.

Secretary DOLE. Yes; Justice will not sign off on the merger unless each one of those divestitures takes place. It will not be permitted. They will not give clearance, and they will retain jurisdiction until it is final.

Senator ANDREWS. Well, let us assume then, and we are looking at the accounting process that we go through between the budget resolution which is coming out in the next 2 or 3 weeks, hopefully, and what this committee has to do in its responsibility before it gets capped with an unrealistic lid on expenditures, you are saying that this has to be approved. And obviously it does. The divestitures have to be made.

If Justice eventually disapproves of the proposed plan of divestiture, would you suggest a new buyer other than Norfolk Southern so the \$1.2 billion would come into the Treasury?

Secretary DOLE. Mr. Chairman, because I have been privy to the negotiations, I have been the person negotiating the deals with these three finalists, because I have spoken with the Justice Department about their report and Norfolk Southern about their commitment to making these divestitures, I am convinced that that is not a point to worry about in terms of this being accomplished.

There are a number of small railroads that are negotiating right now, one in particular—well, I will not get into the details, but let me just assure you that there is not going to be a difficulty in divesting of these lines. That is proceeding as we speak.

IMPORTANCE OF CONRAIL SALE TO RECONCILIATION

Senator ANDREWS. Well, we will hark back to your comments if the question comes where to find \$1.2 billion among the other agencies under your control, Madam Secretary.

Secretary DOLE. Well, of course, the President's budget credits the funds to the general receipts of the Treasury rather than as an offset to transportation outlays.

Senator ANDREWS. The trouble is, the funds might well be credited for the purpose of budget and reconciliation to the account of this subcommittee—

Secretary DOLE. Well, I think that is still being discussed.

Senator ANDREWS [continuing]. And then we would have to work under that rather serious restriction.

SECRETARY'S SEATBELT INITIATIVE

One final topic, briefly—and my colleagues I know have a number of questions, Madam Secretary—on your seatbelt initiative. In the appropriations for fiscal year 1985, by our calculations you have approximately \$5.6 million for your seatbelt initiatives, \$3.1 million from

the regular NHTSA operations, and an additional \$2.5 million made available in support of your July 11 safety belt passive restraint announcement.

What amount of the funds has been spent to date? And how and in what States were the funds spent? Do you have a brief overview of that? Or could you provide it for the record?

Secretary DOLE. Well, the \$2.5 million that has been available has been basically for planning, and also for working with the States, and particularly New York, to review their law and its implementation and for analysis of the law. We are right now negotiating with regard to training of police. Also, there is a media component in that.

If I could just comment on the overall program for a moment, this is very important from a safety standpoint, because the 208 decision which I made last July with regard to passive restraints and seatbelts is designed to save as many lives as possible as quickly as possible. That is the basic premise.

The concern I have had about getting the money flowing here is that so many of the State legislatures are in session now, and of course some of them have very short sessions. A basic part of this is to encourage through education and information—and we can go through a breakdown of how that would work if you would like—but it is basically to lay the foundation for the passage of these seatbelt laws. I think this has already been done elsewhere very effectively, for example, in England.

I just had an opportunity this morning to spend 30 minutes with Mrs. Thatcher, and we discussed the seatbelt law there in England that has now been in effect for 2 years. The fact that education and information had been provided, which really was very important at the time of the passage of the law to make this acceptable to the citizens so that they really would comply with it and be enthusiastic about the law. They have had about a 90-percent compliance rate in England, and a reduction of about 25 percent in fatalities.

I think it is crucial that we move as quickly as we can on the seatbelt laws, because that is the fastest way to save lives. At the same time, of course, if two-thirds of the population is not covered by a year from next September, then 10 percent of our new-car fleet will come in with passive restraints.

PUBLIC'S NEED FOR INFORMATION

We want to provide information on those passive restraints so that people will understand. I think there is a lot of misinformation now. People need to understand, if they have an airbag and drive across the railroad tracks, it is not going to go off. They need to understand that you should not unbuckle a passive belt if it is a detachable belt; how many lives are saved and crippling injuries avoided by the use of that simple device, that safety belt; that you do have to wear a safety belt with an airbag to have the protection from rear end crashes and roll-overs.

Those are the kinds of things we want to do through the media, through working with State and local organizations, through the school systems, through corporations that would institute programs for their employees. We have a number of things that we are proceeding with, including work with an organization called State Office Holders for Safety, and with the National Alliance for Life, which is the private sector organization. I am enthusiastic about seeing this money fall into place so that we really can move out, pull out all the stops on a very important livesaving project.

EDUCATING THE PUBLIC ON AIRBAGS

Senator ANDREWS. Well, finally, Madam Secretary, how much of the first \$10 million will be spent on educating the public on airbags?

Secretary DOLE. I do not have a specific number on airbags as such, but certainly that is a part of the information that is needed, Mr. Chairman, I think that there is a misunderstanding about what an airbag can do; but it is a good safety device.

Senator ANDREWS. Can you make a wild guess on how much of that \$10 million will be used?

Secretary DOLE. What portion for airbags?

Senator ANDREWS. Yes; educating the public.

Secretary DOLE. I do not think we have that.

Mr. DERMAN. The program does not get broken down quite in that fashion, Mr. Chairman.

Senator ANDREWS. But are you going to provide some out of the initial \$10 million for the public education on the use of airbags? Or are you going to wait until the second \$10 million?

Secretary DOLE. No; it will be an integral part.

Senator ANDREWS. It is an ongoing part from the beginning? Then you can provide an estimate of those figures for the record?

Secretary DOLE. Right. If you would like, I can also break down the \$20 million for fiscal year 1986. Maybe that would be helpful just to see the categories.

Senator ANDREWS. Yes; or a percentage of the \$10 million. That would give us the type of information we need.

[The information follows:]

PLANNED ALLOCATION

The national occupant protection plan represents a balanced approach to educating the public about active safety belts and individual passive restraint systems (automatic safety belts, airbags or other energy absorbing/energy management systems which meet Standard 208). Although the design of many of the public information and educational projects features a curriculum combining both active and passive restraint systems, it is possible to identify specific projects which are focused strictly or primarily on one or the other system. Highlighted below are funds and projects that can be identified as being spent on active and passive systems and a total for funds which cannot be reasonably put in just one of these two categories because of the integrated nature of the activities.

Also provided below are brief descriptions of the key activities that can be attributed to supporting active and passive outreach efforts. Active belt activities are needed immediately to educate and improve the factual foundation for the debates on safety belt

laws that are occurring now in State legislatures. Information is also needed to encourage belt usage in those States that have passed belt use laws, and efforts are needed to provide evaluation support in the States that have enacted such laws. Information on passive protection is necessary to overcome the lack of knowledge and misinformation that now exists regarding these safety devices and to encourage public acceptance of these devices, since a portion of the new model year (MY 1987) car fleet will contain this equipment.

Funding allocation

Active.....	\$4,007,000
Passive.....	3,971,000
Combined.....	12,022,000
Total.....	20,000,000

KEY ACTIVE RESTRAINT INITIATIVES

Community activities.—Local community activities involving educational and promotional events, corporate programs, and technical assistance play a key role in providing face-to-face education to inform the public of the benefits of safety belt use. This information is critically needed now to encourage belt use and complement legislative debate. An informed public will be better able to express their opinion on belt use laws and many people will receive the lifesaving safety belt message and get the safety belt habit—\$2,095,000.

Information exchange.—Funding will be used to develop an extensive base of information on State and local program activities, usage rates, and attitudes toward occupant protection. The information will be used both to measure progress and to serve as a source of materials regarding effective programs—\$1,200,000.

Research and development.—This activity will provide for answers to questions concerning effective strategies for improving enforcement of child and adult usage laws and for providing States assistance in designing observation surveys—\$712,000.

KEY PASSIVE RESTRAINT INITIATIVES

Demonstration Programs

Fleet purchases.—This program will provide small amounts of "seed money" to encourage State and local governments to retrofit or purchase airbag equipped vehicles to provide a demonstration fleet (5,000 cars) for early experience with airbags and promotion of public acceptance. These fleets will demonstrate retrofit airbags, such as those now being installed in police cars, new retrofit technology such as the Breed System, as well as original equipment—\$2,500,000.

Public education and demonstration project.—Demonstration cars will be replaced with up-to-date technology in NHTSA's regional offices to demonstrate passive technology on request at events such as State fairs and conventions. Each region will have available an automatic belt car and an airbag demonstration car which can simulate airbag inflation in a crash. Funds will be used to purchase and/or equip the vehicles and provide for their demonstration—\$400,000.

Marketing Passive Restraints

Enhancing public understanding.—In making her final decision to require passive restraints unless sufficient numbers of effective mandatory safety belt use laws are enacted, Secretary Dole found that an across-the-board mandate of passive restraints too quickly could engender adverse public reaction. Partly for this reason, Secretary Dole found that gradual exposure of the public to passive restraints would increase public acceptability of them and, therefore, decided to phase in the requirements for passive restraints, beginning with 10 percent of the fleet manufactured for sale in the United States after September 1, 1986. The phase-in, however, could create special marketing challenges for auto dealers and lessors. To mitigate this, the Department of Transportation has a responsibility to help enhance public understanding of the lifesaving potential of passive restraints, even as it is educating the public to the faster lifesaving potential of safety belt use laws. The Department will prepare targeted

educational material explaining the lifesaving value of passive restraints—how they work, why they work, et cetera—with particular emphasis on materials appropriate for distribution at the point of automobile sale or lease. For example, NHTSA will develop print and video materials to be used by the American Automobile Leasing Association in their effort to encourage their members to purchase passive restraint equipped cars—\$600,000.

Materials development and dissemination.—Funds will be used to develop and distribute basic factual materials (1) describing automatic protection systems—what they are and how they work, and (2) clarifying the facts and myths now surrounding passive systems. These materials will be used to respond to questions from the general public and would be appropriate for use by civic groups, State legislators, general press background, et cetera—\$471,000.

TIMING OF EDUCATIONAL CAMPAIGN

Secretary DOLE. Would you like us to go through the \$20 million here?

Senator ANDREWS. We want to make sure that that educational program is going on concurrently and is not going to be shoved down the line.

Secretary DOLE. No, indeed. One reason why it is important that it not be delayed is that, frankly, I do expect that starting a year from this September, 10 percent of our new-car fleet will be equipped with passive restraints. I do not think we will reach two-thirds of the population with mandatory restraints by then. I think it is very important. We have an incentive built into the 208 rule that does provide for an extra half-car credit if the automobile companies put the airbag in. We are also interested in other new technology. For example, General Motors is working on what they call a "friendly interior," an energy-absorbing interior which has not yet been certified according to our standards, but nevertheless they are working in that direction.

So that is a part of the rulemaking, and I think it is important, if indeed passive restraints are going to be in some new cars next year, that there be information and education so there will be an understanding and an acceptance of these, and also a chance for the public to try them out and let us know what they really want in the way of protection.

Senator ANDREWS. Well, thank you very much, Madam Secretary. Again, my apologies. I am going to make magic with a friend of yours from Kansas on the wheat issue. I have a number of questions that I would appreciate if we could have answered for the record so we will have a complete record.

In recognizing Senator Chiles, I also want to have Senator D'Amato chair the committee, if he would be so kind.

Senator CHILES. Thank you, Mr. Chairman. I appreciate your putting my opening statement into the record.

Madam Secretary, we are delighted to have you come before us. We always look forward to working with you. As you know, the President's request for Armed Forces would provide the Navy with an increase of 14,000 positions. The Air Force would receive an increase of 10,000 positions. The Marines would be increased by 1,000. The DOD civilian

employment would increase by 19,000; and the Army with 783,000 positions has not requested an increase.

FISCAL YEAR 1986 REQUEST FOR COAST GUARD

The Coast Guard, the fifth branch of the Armed Forces according to 14 United States Code 1 and 10 United States Code 101, and currently fighting the drug war in the waters of south Florida, is cut by 833 positions. Funding requested for operations does not keep up with the consumer price index, and the funding for the construction is cut by \$43 million last year and \$366 million for 1984.

Now that appears to have several impacts on the Coast Guard. For example, the eight new drug patrol boats that will come on line in 1986 can only be operated 120 days rather than 180 days as the Coast Guard had originally planned. The two additional C-130's that are needed to bring the Coast Guard to authorized strength are not funded, although they were recommended by the Coast Guard and the Congress.

What I want to ask you, Madam Secretary, is: Does the administration still place a high priority on the war on drugs? During the election we were told that we had this war on crime.

Secretary DOLE. Senator Chiles, I think the fact is that as you look across the budget, the Coast Guard budget is not cut from the 1985 level, but is frozen. We have just been talking about some of the other budgets which have not fared quite that well. I think the overall 1986 level of funding remains the same for the Coast Guard as it was for 1985.

Of course we are hoping to go to user fees, and I think the climate is more positive at this time to try that one again. But basically, in terms of impacts on programs of any reduction in manpower, that would be offset by operating efficiencies, the use of new or renovated and more productive equipment, by contracting out. We have an aggressive program there where there are 1,200 positions that are going to be reviewed for contracting out in the next fiscal year. And more efficient allocation of personnel.

Senator CHILES. Well, when the Coast Guard tells me they can only steam 120 days rather than 180 days, which they were to provide for us with these patrol boats, that does not tell me that we are getting increased efficiency or increased protection. That tells me that is a drastic cut.

COMMITMENT TO DRUG INTERDICTION

Secretary DOLE. I think as far as our drug interdiction program, you know the Aerostat Radar, we have leased two. We just finished a demonstration, and we are procuring three. We do have the—and we can talk further about the personnel levels here, but you also did mention are we backing off from our commitment on the drug situation. Indeed, we are not. We have a very strong commitment in that area.

We do have the new boats, eight of them, going into that area; and the C-130's with extra flight time devoted to this. The Aerostats are supposed to be able to, within a 60-mile radius, spot cabin cruisers, and I

think especially in those choke point areas they are going to be very effective.

Senator CHILES. Well, I think they are a tremendous asset.

Secretary DOLE. Now maybe we can break it down here a little more specifically. You were using some numbers there that the admiral has not talked to me about. Did you want to add anything to that?

Mr. DERMAN. Senator Chiles, I would like to be able to see how the Coast Guard calculated the steaming hours that you are referring to. Our best information is that, for instance, there will be additional C-130 flight hours available in 1986, much of which is going to be dedicated to increased surveillance and detection patrols.

The Coast Guard's 1986 budget will be funded in excess of \$300 million for drug interdiction operations—a 13-percent increase over 1985.

Senator CHILES. Well, but we recommended two additional C-130's, the Coast Guard requested and the Congress authorized them—but they are cut out. So you are not trying to tell us we are getting what we thought we were going to get out of the C-130's, if we are not going to get the two additional ones.

Mr. DERMAN. Well, when you look at the overall transportation budget by operating administration, and as you well know the deficit problem that we are looking at, you have a \$2.5 billion Coast Guard budget total with no reductions from 1985 in a context of a \$3.8 billion reduction from 1985 in the Department of Transportation budget. We believe—

Secretary DOLE. They are doing very well.

Mr. DERMAN. Doing very well.

Senator CHILES. That may be fine in the context of the Transportation budget. I have to look a little broader than that when we look at the overall budget and I see these increases that we are talking about in every other branch of the service, and we are going to a 600-ship Navy, and the Coast Guard I think provides that multiple service of giving us everything from boater safety to Navy support, and is engaged in a war today off of south Florida. They are already in combat.

When I see anything that minimizes their ability to engage in that war on drugs that they are engaged in, that gives us great concern.

Secretary DOLE. Let me just mention one other thing that adds to the personnel strength being reduced. Most reductions will be taken from administrative overhead areas, support areas. For example, of the difference between 1984 and 1986 of about 1,300, about 600 of those are planned or ongoing contracting out reviews. So I think we have to keep that in mind as well.

AEROSTAT PROGRAM

Senator CHILES. You mentioned the Aerostat balloons, and we think they are of tremendous help. I am a little concerned that action for the procurement of the three additional systems does not seem to be progressing as well. I understand that on December 18, almost 2 months after the congressional guidance, the Coast Guard sent the RFP paperwork to the Department. Apparently during the week of February

4, the Department met with the Coast Guard and raised a number of questions about this procurement, including a request that the Coast Guard analyze alternatives to the procurement.

As you know, the Coast Guard completed a 60-day evaluation of the technology, found it extremely promising, and you were already talking about that. Now they give us a coverage of an area of 50-miles radius, and they literally can help us shut down these choke points. It is relatively inexpensive, given a lot of the technology we were looking at, and it has been proved exceptionally effective.

Since the Congress gave its guidance and provided funding for this procurement, 4 months have passed and we are still at the stage of the Department sending written lists of questions to the Coast Guard. When can we expect this procurement to be advertised by the Department? And can you give the committee the assurance that you will help us expedite this matter and give it the high priority that it requires?

Mr. DERMAN. Well, Senator Chiles, we do give it a high priority. I do say that when the Coast Guard submitted their acquisition paper to us, we felt at the Secretarial Office level that it was deficient with respect to focusing on some of the things that had to be focused on before the request for proposal could be issued.

As I indicated, I believe to one of your staff members, we placed a high priority on this. The 1985 budget contains the funds to do what the Congress directed us to do. The 1986 budget contains the funds to operate those systems, and we will move as expeditiously as we can to see that those systems do go out for bid.

I think we are just about there. As a matter of fact, just yesterday, I believe, I received the necessary reprogramming documents that the Coast Guard wants us to process and—

Senator CHILES. Give me a time. Give me a date. Give me a time.

Mr. DERMAN. I would say before the Commandant comes to testify before this committee on the 1986 appropriations it should be completed.

Senator CHILES. Well, would you also give us for the record a list of the questions that you submitted to the Coast Guard? I would like to see what you are asking about.

Mr. DERMAN. I think we can accommodate that.

Secretary DOLE. Yes.

Senator CHILES. Thank you.

[The information follows:]

QUESTIONS SUBMITTED TO THE COAST GUARD

By memorandum dated February 8, 1985, from the Director of Installations and Logistics, Office of the Assistant Secretary for Administration, to the Chief of Staff, United States Coast Guard, concerning the Aerostat Acquisition Paper (AP) responses to the following are requested:

Funds are available through fiscal year 1986 to procure only three additional systems beyond the two leased Aerostats. Will this inconsistency with the AP funding plan impact the procurement approach?

The AP is inconsistent as to method of procurement: that is, two-step formal advertising versus negotiation.

The AP states "A single Aerostat would be capable of continuous surveillance of the widest choke point, the Yucatan Channel." With double crewing as proposed in the AP, explain why more than five Aerostats (four operational and one for backup as recommended in the concept evaluation report) are required for continuous chock point coverage.

The types of systems (mobile versus land based) are inconsistent with recommendations contained in the concept evaluation report.

The AP does not contain a lease/purchase evaluation of the vessels to be acquired.

The oil-rig supply vessel, *Apshire Tide*, was judged to be an appropriate mobile Aerostat platform vessel. The Coast Guard should contact MARAD's Associate Administrator for Maritime Aids to determine whether they could be of assistance in either leasing or obtaining the vessels in question.

The AP identifies within the section on "Major Risks" that an evaluation of radars will be made before selection occurs. More information on radar capabilities is needed. Are the radar units under consideration capable of air-to-air detection?

Has Coast Guard contacted the NNBIS group to insure that other agency needs are factored into radar detection considerations which could potentially serve multimodal or multiagency needs?

Logistics support is not adequately addressed in the acquisition paper. For example, does effective use of Aerostat systems (beyond the two leased systems) as proposed in the AP dictate a change in use of existing interdiction platforms?

The procurement schedule must be changed to reflect realistic timeframes, including adequate time for competitive source selection.

No acceptable data link currently exists. This link may be acquired separately, and is a critical component of an effective system.

Significant ADP equipment and services may be involved, despite the contrary statement in the AP.

TRANSIT REPROGRAMMING PROPOSAL

Senator CHILES. I noticed, Madam Secretary, that Ralph Stanley was quoted in the Miami Herald rather widely last week saying that the administration is getting out of the business of building new transit systems by 1986, no matter what Congress says. He was quoted as saying: I sign the grants, and as a matter of policy I will not sign grants for new starts.

As you know, the 1985 conference agreement on the continuing resolution earmarked \$422.5 million for 12 new systems and new extensions, including \$49 million for Miami and \$1.8 million for Jacksonville. That conference agreement also earmarked funds for 12 new systems and 12 system extensions.

The budget indicates the Department will propose the reprogramming of these 1984 and 1985 funds to totally complete a few systems, just several systems. What city systems do you propose to complete, and which ones do you propose to reprogram funds away from?

Secretary DOLE. The bottom line certainly is that it is a matter of reprogramming, and we will be back to the Congress, and there will be an opportunity again to look at it at that point. But basically, the city—

Senator CHILES. Well, does that mean that you do not necessarily subscribe to the proposition that no matter what Congress does, funds will not be spent?

Secretary DOLE. Well, in the 1986 budget, as you know, what we are proposing is \$1.1 billion in capital formula grants, so that there is an equitable distribution of the penny from the gasoline tax, and the entire country has an opportunity to participate.

Now the projects that you mentioned, the 12 that were earmarked, the total cost to complete those would be \$4 billion. There are now 50 projects that are being looked at and analyzed and discussed, which would cost the Government about \$20 billion. Under our fiscal year 1986 budget, we would not be going forward with discretionary grants; although we would feel that those that are under full funding contracts now should be completed so that there are not the holes in the ground, so to speak. That would mean Portland, Santa Clara, and Detroit. Also, Jacksonville, as you mentioned, there is a segment there, an operable segment. And let's see, we are looking also I believe at Houston and Atlanta.

But that would be using fiscal years 1984 and 1985 funds. This is where systems can actually be completed from that period, and those under full funding contracts which were the first three that I mentioned, Santa Clara, Portland, and Detroit, so you do not have the holes in the ground. But looking out into the future—

Senator CHILES. As I listened to that arithmetic, it sounds to me like Miami lost \$49 million in that shuffle that you just went through. I did not hear them get turkeyed none during that \$49 million.

Secretary DOLE. The fiscal year 1986 budget does not anticipate going forward with other than the \$1.1 billion in formula capital grants.

Senator CHILES. Well, let me say, although I differ greatly with the administration's viewpoint that now we are going to turn around and take funds that the Congress appropriated and earmarked for other areas and say we are going to reprogram that money—

Secretary DOLE. All of these were earmarked.

Senator CHILES. Pardon?

Secretary DOLE. All were earmarked.

Senator CHILES. All were earmarked.

Secretary DOLE. Right.

Senator CHILES. At least to seek to do it in a reprogramming route, that is under the law and that is in accordance with the law, and Congress has to go along with that. That is a little different from a statement that I do not care what the Congress does, I ain't gonna do it.

So I trust that you are not making that kind of a statement?

Secretary DOLE. We will be submitting a reprogramming. We will be back with the reprogramming plan.

Mr. DERMAN. Which was always the intention of the President's proposal, and so stated.

Senator CHILES. Well, it will be interesting to hear what Mr. Stanley has to say further on that, and I look forward to that. [Laughter.]

TIMING OF REPROGRAMMING PROPOSAL

Senator D'AMATO [presiding]. Secretary Dole, I am wondering with respect to the question of the budget and the reprogramming, if you could not please submit that to us for the record. I think it would be appropriate if those reprogramming requests which the President mentioned in his budget were submitted before Mr. Stanley testifies before this committee. In that way we would have the opportunity to examine them to determine why the efforts are being made in certain areas.

Let me suggest to you—and it may not sound like a terribly significant amount of money—that I wonder why, when we are close to completing the light rail system in Buffalo, that \$2.7 million would be reprogrammed to Atlanta or to one of the other areas. It seems to me that a reprogramming is somewhat inconsistent with the hundreds of millions of dollars that have already been invested in that system.

Thus, I think it would be important for us to have that information.

I am going to try to curtail my remarks, because I know my distinguished colleague from Connecticut, Senator Weicker, has some questions, particularly some dealing with Amtrak. I am just going to take an overall view.

DISPROPORTIONATE UMTA REDUCTION

As I read this budget, for the Transportation Department we are talking about a cut of \$3.8 billion, which is a 13-percent reduction. That seems to be something that reasonable people could agree upon during a period of fiscal austerity. We might disagree with one or two percentage points, maybe it should be 15, maybe it should be 12, maybe it should be 10; but such a cut is something that reasonable people could possibly accept.

But what I find difficult and unacceptable is that \$2.75 billion, or 72 percent is derived from reductions in funding for the Urban Mass Transportation Administration, from UMTA. I am wondering is there any longer a Federal commitment to transit, given the more than 70-percent cut suffered in this program?

It is one thing to make an overall cut of 13 percent for transportation; but it is another thing to take almost all of that reduction, 72 percent, in one area. I suggest to you that this cut will be crippling. It is not only the question of operating assistance, which accounts for some \$875 million, but indeed it goes far beyond.

Secretary DOLE. Well, obviously this is not just a cut across the board across all modes of transportation, nor should it be. Senator D'Amato, because we are trying to use some principles. We are trying to look at, for example, which ones are financed by user fees, which are out of the general revenues, which are programs that have a real impact nationally that are important from the standpoint of the national defense, or important from the standpoint of facilitating interstate commerce.

For those that are more of a local and State nature, those with impacts that are more regional, at this point in time because we do have to deal with the deficits, because we do want to see this economic expansion continue and get the deficits down, we are going to have to dis-

continue some things we have done in the past because we just simply cannot do it anymore.

It is really a matter of where the impact falls. I believe that when you look at mass transit, it is primarily beneficial in certain localities. Now at this point, people across the country through the taxes they are paying are supporting those particular situations. We have looked at this from the standpoint of where are the national needs, and where are the needs more of a local and State nature, where perhaps some of those budgets that are showing surpluses now can be brought into play a little more.

MASS TRANSIT OPERATING ASSISTANCE

Frankly, I think when you look at combining a number of things—and let us take operating assistance for a moment and then expand on that a little. As you know, twice now we have tried in the administration, once under Drew Lewis, once under myself last year, to phase down the operating assistance and ultimately out, because we do believe that if you are going to have decisions made to produce an efficient system, if you are going to have decisions, for example involving fare increases or collective bargaining, or whether or not service should be extended, the responsibility for payment for those decisions needs to be linked with the decision making.

Senator D'AMATO. And I suggest that that is not the case.

Secretary DOLE. And if it is Uncle out there paying the bill, it does not provide the incentives to streamline the system. We really feel that philosophically it makes a lot of sense to say that the Federal Government will participate on the capital side, but the localities really ought to make the decisions and pay the bills as far as operating assistance. We tried to phase it down, and it was not accepted.

Senator D'AMATO. Let us look at that, because I think you will see that in the Surface Transportation Assistance Act that was signed into law in 1983, January, that indeed a phasedown in operating assistance did take place. There was a total cut of about 16 percent, and it was an intelligent and enlightened planned phaseout of 20 percent for the largest systems, 10 percent for the medium-sized systems, and 5 percent for the smallest systems, because they were the most dependent. So it is not the huge systems that are dependent on operating assistance. As a matter of fact, it is the smaller transit systems throughout the country that are much more dependent upon operating assistance.

But let me suggest that a continued gradual cutback is one that many people could support, a phaseout over a period of time, as opposed to total elimination. What the 1986 budget does as proposed is make it impossible for this Senator to vote for it. Not only will I vote against it, I will work assiduously for its defeat. I am not suggesting to you that I would not support a reasoned cutback, one that did not just single out one area for total elimination as it does in operating assistance and then eliminates three-quarters of available formula funds. In addition, regarding the one penny of gas tax dedicated to transit, I believe that if you check with the Congressional Budget Office, you will see that under

this proposal transit does not even receive the full revenues derived from the one penny.

When Congress passed the Surface Transportation Assistance Act, Senator Lugar and I inserted an amendment which provided that one penny of those gas tax moneys would be dedicated to mass transportation. Well, the fact is that this budget calls for \$1.1 billion, when it is estimated that each penny is now generating about \$1.4 billion and the revenues will probably go to \$1.6 billion from that one penny. This administration is not even keeping that commitment.

So I simply suggest—and I understand that you have to support your Department's budget, and you do it great credit in your presentation—that when we look at the totality of the cuts which fall so massively and disproportionately in the area of public transit, that these reductions are unacceptable. In addition, I believe the proposed cuts are counterproductive to any attempts to come up with some reasoned cutbacks.

It is, to put it in my terms, typical "Stockman." He sets up strawmen, in this case the local cities and the users of mass transit, to divert attention from what I think should be a serious and purposeful effort across the board to have all of us contribute to reducing the deficit.

You know, it is like the story of the chicken and the pig who were walking down the road and came across a diner, and they said "Let's go over and have some breakfast." The chicken said, "I'll contribute to it. I'll give some eggs, and you provide the sausage." And the pig said, "Well, that's fine for you, it's a sacrifice; but for me, it's total commitment." [Laughter.]

Senator D'AMATO. You know, when we talk about sacrifice it has got to be fair and it has got to be balanced. It cannot be a total commitment from one sector with others not contributing their fair share.

Secretary DOLE. I just mentioned here the user fees. We need to think about that as we are looking at where the cuts have been made, as well, because of course for many years the highway trust fund has supported the efforts there. The airport and airway user fund has supported efforts in that area. So that too must be considered when we just start looking across the board at where cuts were made.

MAKING PROBLEMS FOR THE FUTURE

But you know I think there is another thing we should consider, in addition to the fact that we cannot just continue at the same level that we have in the past when we are trying to make these reductions in the deficit. We have to also think as we look to the future in mass transit, are we doing the cities a favor?

Earlier it was discussed that the cost to complete these 12 projects is \$4 billion. Right now, Detroit has real problems because of the amount of operating deficit. It is important to look out there and determine what does this really mean for the citizens of that community on down the line?

Miami was mentioned. There is one-tenth the ridership on Miami's system that was projected. One-tenth of the ridership. You could pay each passenger about \$100,000 at that rate. So this is an area that really must have serious attention, and we tried to do that by coming up with criteria for new starts. And frankly, the criteria were not adhered to in the earmarking, as you know.

CONCERN FOR ORDERLY TRANSITION

Senator D'AMATO. With respect to new starts, I can understand that we should not be building systems that are not going to be able to sustain the kind of ridership that really would justify them. I have no argument in that connection.

But certainly, in terms of the massive proposed cutback that would happen in a short period of time, it does not provide those local governments with the time to plan for an orderly transition. Considering the impact of this shock wave, I believe it is unrealistic to expect those of us who understand the nature and the seriousness of the deficit problem to be able to loan our support to cuts that are massive and drastic in certain particular areas.

I am suggesting that it is not reasonable. No one can say that even I, who have been a strong supporter of mass transportation, who authored the legislation with respect to the set-aside of one penny for mass transit, would be opposed to a reasoned reduction.

We are talking about devastating cutbacks in service or total program elimination that would result in my State and many others in a 1-year period just in the area of mass transportation, not looking at cuts proposed in other programs such as health, senior citizens programs, or education. How can New York State absorb a \$400 million cut in mass transit aid in 1 year? Well, the fact is we could not expect New York, California, or in any other State, to absorb that kind of massive cut in one program over 1 year.

If we were going to accept an orderly phaseout in this particular area as the economies of the States improve—and the economy in New York State has improved dramatically—we could then look to the States to assume a greater responsibility. I would be supportive of that kind of gradual, comprehensive phaseout. But this proposed budget is one that I cannot support.

Secretary DOLE. Well, of course you know last year we did try the phasedown again, and it went—it was what, \$870 million, that the Congress came in at, rather than the \$546 million in phasedown we had proposed. So we have given notice a couple of times.

Senator D'AMATO. Well, maybe \$545 million this year does not look so bad when compared to zero. [Laughter.]

Senator D'AMATO. I think Senator Weicker has some questions.

Senator WEICKER. Well, now that you have heard the good news from the right side of the Republican Party, maybe you should hear the good news from the left. [Laughter.]

Senator D'AMATO. Only Weicker.

APPEAL OF AMTRAK SUBSIDY ELIMINATION

Senator WEICKER. Madam Secretary, when faced with OMB's proposal to eliminate the Small Business Administration, Jim Sanders, the Agency's Administrator, appealed that decision directly to the President. Did you appeal OMB's proposal to eliminate the Federal subsidies for Amtrak to the President? And if so, what was the basis of your appeal?

Secretary DOLE. Senator Weicker, I think you would understand that I really cannot discuss the various discussions and meetings that took place on the budget. Let me just say that everything was debated and discussed with my colleagues in Cabinet meetings, with Dave Stockman, with the President, and I really do not feel that I can go into the details of that. But everything got a very full review.

Senator WEICKER. Well, did you appeal the OMB proposal to eliminate the Federal subsidies to Amtrak to the President?

Secretary DOLE. I do not feel that those are discussions that I can talk about in detail, other than to say that we did review everything very thoroughly and that I feel that the budget—

Senator WEICKER. I do not think that is a satisfactory answer to this committee.

Secretary DOLE. The budget which I have come forward with is one that I fully support. I think the rationale for it is clear. I think that in this period of trying to cut these massive deficits we have to deal with those matters that are a priority nationwide in terms of the national impact rather than local or regional, in those programs where user fees are not utilized but rather general funds, and safety has to be a top priority. Those are the guidelines I followed.

Senator WEICKER. Is it my understanding that you are claiming some sort of executive privilege here in response to my question?

Secretary DOLE. No; I just do not think that discussions within the administration should be laid out. I am saying that everything was fully discussed, but I do not feel that it serves any purpose to go into the details of what I did or did not do within the Cabinet.

Senator WEICKER. Well, it is my understanding you did appeal it, and I think that the basis of that appeal certainly is the type of knowledge which would assist us in determining the appropriations.

Secretary DOLE. I have given my answer, Senator.

Senator WEICKER. It is not a satisfactory answer. I think we have every right to expect from the Secretary of Transportation the reasoning behind her budget proposals, and indeed if there is dispute as to exactly what it is that were the facts that would substantiate her initial request.

Secretary DOLE. I think all of the data is available in terms of the reasoning for trying to cut back on a subsidy that comes to \$35 a passenger, which serves only 2 percent of intercity travel. We can certainly talk about, if you would like, what we submitted to OMB originally, if that would be productive.

DEPARTMENT'S ORIGINAL 1986 AMTRAK PROPOSAL

But in terms of what the passback was or what took place back and forth after that, I really do not see what purpose that serves, and I am not even sure that I could come up with the details of what went back and forth. But if it would be helpful to look at the original submission, certainly that is available.

Senator WEICKER. Do you have the original submission?

Mr. DERMAN. We can make that available to you, sir.

Senator WEICKER. Would you make that available to the committee, please?

Mr. DERMAN. We would be happy to.

Secretary DOLE. Surely; right.

[The information follows:]

EXCERPT FROM INITIAL FISCAL YEAR 1986 BUDGET PROPOSAL JUSTIFICATION

[Submitted by the Department of Transportation to the Office of Management and Budget]

FEDERAL RAILROAD ADMINISTRATION

GRANTS TO THE NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

NARRATIVE JUSTIFICATION
(Dollar amounts in thousands)

	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1986 over (+) or under (-) FY 1985</u>
Budget Authority	\$700,000	\$765,000	+\$65,000

General Statement

Amtrak will continue to require Federal financial assistance to cover its operating deficit and to provide for capital improvements in FY 1986. Productivity improvements, cost reductions and changes in operations are expected to contribute to Amtrak's ability to operate within the recommended level of appropriations.

<u>Budget Authority By Activity</u>	<u>FY 1985</u>	<u>FY 1986</u>	<u>FY 1986 over (+) or under (-) FY 1985</u>
1. Operating Grants and State Assisted Routes	\$659,000	\$683,000	+\$24,000
2. Capital Grants and Labor Protection	41,000	82,000	+\$41,000
Total	\$700,000	\$765,000	+\$65,000

Detailed Justification1. Operating Grants and State Assisted Routes\$683,000

In FY 1986 Amtrak is expected to operate essentially the same nationwide route system it is now serving. The budget request level reflects the continued improvement in Amtrak's revenue to cost ratio which in FY 1986 is expected to be 60 percent. This improvement reflects both the payoff from the more than \$2 billion in capital assets acquired by the corporation since its inception, and management's success in controlling costs while providing improved service.

2. Capital Grants and Labor Protection \$ 82,000a. Capital Grants(\$ 80,000)

Amtrak will require capital funding for a number of priority projects, including improvements to the Northeast Corridor (NEC), modernization of service facilities and extension of the NEC signal system. The recommended level will fund all projects which are mandated by law or essential to the safe operation of the railroad, as well as projects which boost productivity or cure deferred maintenance. Unlike FY 1982 through FY 1985, there is not expected to be any carry-over of unused operating funds from prior years.

b. Labor Protection(\$ 2,000)

Amtrak is obligated to make labor protection payments for up to six years to certain former employees displaced as a result of route and service changes. No significant route and service changes are anticipated in FY 1986.

FUTURE OF PASSENGER SERVICE

Senator WEICKER. Now let us get to the business of rail passenger service. The reason why this particular issue holds a special interest for me is that in 1963 or 1962, when I was elected to the Connecticut State legislature, the New Haven Railroad for the second time filed for bankruptcy and we were months away from losing all rail passenger service in the State of Connecticut.

I drafted the Connecticut Transportation Authority Act, which gave to the State the ability to take over a private entity and run it. The Tri-State Transportation Compact with New York and New Jersey went into effect a couple of years later. It did take a couple of years.

By 1968, when I came to the Congress, we then drafted the legislation which created Amtrak.

What facts give you any belief whatsoever that a private entity would pick up any portion of rail passenger service in this country?

Secretary DOLE. I do not think I have said, in fact I know I have never said, just private.

Senator WEICKER. I did not say just private. You indicated in your statement here a few minutes ago that the governments, State, local and private—so I did not say just private.

Secretary DOLE. Right.

Senator WEICKER. What would give you any hope that any private assistance would be forthcoming whatsoever?

Secretary DOLE. Until we sit down and have the discussions, I cannot report on those discussions. But my intention is to contact those who might well have an interest to see if there is some.

Senator WEICKER. May I point out to you that the private sector left the whole Northeast and most of the United States high and dry when it came to rail passenger service. That is why there is an Amtrak. That is why there is a Connecticut Transportation Authority. That is why there is an MTA.

The private sector is the one that raped this country on rail passenger service within my legislative lifetime.

Secretary DOLE. Is it unreasonable to bring the private sector into the discussions?

Senator WEICKER. I think, in light of the history, all that is going to happen is that they will go ahead and take the public for another ride. New Haven was going ahead and paying out dividends while they were incurring huge losses, and left the State of Connecticut within 2 months of no rail service whatsoever. And the same holds true, I might add, as I remember the meeting between Governor Dempsey and Governor Rockefeller, the same held true with New York State and the two States had to get together.

Why do we have to fly in the face of that kind of history? Why do you think Amtrak was created, because the private sector was doing their job?

Secretary DOLE. Amtrak was created, as I understand it, as a 2-year test to see if we could have a for-profit corporation.

Senator WEICKER. I would say that the record of Amtrak——

Secretary DOLE. And \$11 billion later, we are looking now at another \$8 billion for the next decade——

Senator WEICKER. Well, there is only one thing——

Secretary DOLE. And that serves 2 percent of intercity travel. I do think it would be rather strange for a list to come to the Congress of areas where the deficit reduction efforts need to be focused on and not have Amtrak on the list.

Senator WEICKER. Madam Secretary, I am not interested in discussing the general budget as a whole, because you know just as well as I you just have to take one little nick out of defense and you could pay for the whole UMTA and the whole Amtrak system. I do not feel obliged to go ahead and defend the defense budget, and I do not think you should feel obliged, either. Your responsibility, as is mine on this committee, is in transportation.

We spend peanuts on transportation. We have the worst rail system in the world among any of the economically developed nations, free nations, the worst. Indeed, if I had my druthers we would be increasing the appropriations both for mass transit and for intercity rail.

AIRLINE PASSENGER SUBSIDY

When you talk about a subsidy of rail, what is the subsidy for the airline passenger when you put into place the business deduction for air travel? What is the subsidy for airline travel? It is enormous.

Secretary DOLE. I disagree. I just do not see that as a subsidy.

Senator WEICKER. It is \$5 more than it is for rail.

Secretary DOLE. That is a different matter. I do not see that as comparable. rail passenger service is the most heavily subsidized. I do not know of any other intercity mode of transportation which funds all of capital and half of operations from the general funds of the Treasury. It is unfair to other systems that might want to try to get in and compete when you have got that kind of heavy subsidy—bus, airline firms. This is only carrying 2 percent of intercity passengers.

Senator WEICKER. We are not just talking about intercity, because it is Amtrak. We are also talking about the topic Senator D'Amato brought up, which is urban mass transit. We are talking about rail transportation.

Again, not just in light of the private failure in this area, but in light of the energy crisis that started in 1974, do you feel the security interests of this Nation are best served by not having good rail transportation?

Secretary DOLE. i think in terms of, you are speaking—I am sorry. You were speaking of energy?

Senator WEICKER. Insofar as the security interests of this Nation, as demonstrated by the energy crisis of just a few years ago, do you think those interests are best served by cutting back on rail transportation in this country?

Secretary DOLE. I am not sure I am really getting your focus exactly here.

RAIL TRANSPORTATION A NATIONAL SECURITY MATTER

Senator WEICKER. My focus is very clear. Any nation, and especially one in the face of the energy uncertainty that we have today, must have a first-class rail system. I think the Arab oil embargo proved that.

And now what you are advocating is that we cut back on our rail system. Am I correct?

[Pause.]

Senator WEICKER. All right, let us walk it through. We just went through an Arab oil embargo, right? Am I right, 1974-75?

Mr. DERMAN. 10 years ago.

Senator WEICKER. How long did we live with that? How long did we live with the crisis in the gas lines and with our automobiles? How many years?

Secretary DOLE. If we are talking about energy conservation—

Senator WEICKER. We sure are.

Secretary DOLE. Basically you would conserve a lot more energy, Senator, if you went to van pools, car pools. That would conserve more energy than building systems.

Senator WEICKER. Than a railroad?

Secretary DOLE. Than building systems. I thought you were talking about mass transit. That is why I am having a hard time understanding your question on security.

Senator WEICKER. Both mass transit and intercity rail.

Secretary DOLE. The building of mass transit systems takes an enormous amount of energy.

Senator WEICKER. They are already built, Madam Secretary.

Secretary DOLE. Define exactly what you are talking about, please.

But in terms of the energy that is consumed—and there are a lot of new starts, a great deal, 50 systems being debated right now in this country that would cost about \$20 billion. If that is the way we are going, then indeed that is going to consume an awful lot of energy producing all of those systems.

I suggest we would save more by going to van pooling, car pooling, high occupancy vehicle systems. If that is what you are focused on, that is the way I see it.

Senator WEICKER. Madam Secretary, what you are doing in the cut-backs that you have asked for both in mass transit and intercity rail service is to push people back into their automobiles. Now, it is just as simple as that. If nobody picks up the tab over here and many of the States cannot, and private enterprise is not going to do the job, regardless of your most devout wishes, people will get back into their automobiles.

That will be both a transportation disaster and a conservation of energy disaster. Now if you do not believe me, ask Senator D'Amato and myself what we think about the metropolitan area around New York, and the same would hold true in many other metropolitan areas.

What you are doing with these cutbacks is to push people back into their automobiles. Do you think that is a wise national policy, considering the energy crunch we just went through?

FUTURE SERVICE WITHOUT SUBSIDY

Mr. DERMAN. But you are making the assumption, the operating assumption, Senator Weicker, that transit service is going to disappear and that rail passenger service in the form of Amtrak is going to disappear.

Senator WEICKER. Who is going to pick it up?

Mr. DERMAN. That is the dialog that this set of budget proposals is entering into, to see if, in fact, service is needed by constituents that somebody will fill the vacuum, either State, local, maybe private.

TRAVEL IN NEW YORK METROPOLITAN AREA

Senator D'AMATO. Did you ever travel in the New York metropolitan area, Mr. Derman?

Mr. DERMAN. Yes; I have.

Senator D'AMATO. Well, let me just suggest to you as someone who has traveled there for many years, that you are not going to get the kind of van pools you talked about on the Long Island Expressway to replace the Long Island Railroad [LIRR]. People are now paying over \$120 a month to ride the LIRR—and by the way, the operating assistance is miniscule in comparison to the total dollars that go into that system—but if you talk about keeping that viable, if you talk about rebuilding the transit systems and keeping them safe and sound, you cannot make the kind of draconian cut as put forth here. It absolutely cannot take place and have it survive.

I am willing to go for some cutbacks, but let me tell you, you are not thoughtlessly going to cut \$400 million in 1 year from my State in mass transportation assistance. It is thoughtless. This is not an attempt to make a scientific demarcation as to where we should make cuts—it is simply total elimination.

I have been through this four times now with Mr. Stockman. Mass transit is his pet peeve. He would like to have everybody hate the cities and hate the subways. Well, they may not be the safest place, but let me suggest to you, if you succeed in putting this budget in place, you are going to create economic no man zones for people, because there are no alternatives.

You cannot cut crosstown today because of the vehicular traffic. You cannot put more vans in Manhattan because you would be violating the EPA standards for safe environmental quality.

So it is nice to say let's have more carpools, and I would not disagree with the Secretary as it relates to new starts. We must be very conscientious and see to it that we are not just pouring money into systems that are not going to be productive.

But there are existing networks and existing systems, and you just simply cannot walk away in the manner in which this budget does. It

literally walks away overnight. State and local governments cannot absorb these reductions.

Excuse me, Senator. [Laughter.]

Weicker is not used to anybody doing that to him. [Laughter.]

ROLES OF GOVERNMENT AND PRIVATE SECTOR

Senator WEICKER. I think the tragedy here is the failure to live through the years of the sixties when the whole private system just went flat on its tail and left State after State, city after city with no mass transportation, with no rail transportation. You had to live through it to appreciate it.

I am going to support you on your sale of Conrail. I understand that. I understood it from the beginning. That can go back into private hands, and it can make money. But the record of rail passenger service since the thirties is just abysmal. If Government does not do it, nobody will do it.

Now, if you say we do not need rail transportation, we do not need mass transit, that is a different story, but that is not the way it is going to work in this country in your heavily populated areas. Indeed, I bet the city of Los Angeles wishes it had a mass transit system right now.

What do you have here in the city of Washington, DC? One of the finest mass transit systems built in recent times. That is what we are talking about. It is not a question that this is a white elephant. This is the way to go for this Nation, just when we are getting over this learning curve of experience of how to do it and do it right. I might add, it applies to Amtrak. It has been doing better and better even though we have not given it the capital money it needs. Just when we have this under our belt, we are saying we are going to retreat.

I just want to warn everybody here that—to get back to the point we apparently were not communicating on—it would be my hope if you wanted to do something that will assist us in the matter of national policy while reducing the deficit, I will tell you what we ought to do.

Add 10 cents to the gasoline tax in 1986, 10 cents in 1987, 10 cents in 1988, and do it while the prices are tumbling as they are right now. That will tell you prospectively that that is going to be an expensive mode of travel, and we will conserve. We will insist on fuel efficient cars. We will go ahead and engage in conservation programs in our homes. We will go ahead and conserve, and take that money you are going to get, a billion dollars per penny, apply it to transportation, apply it to reducing the national debt, and you will have achieved both a matter of national policy, and you will have achieved a matter of fiscal responsibility.

But if we did that, then again that will put the pressure for people to get on mass transit systems and get out of their automobile. That is the most expensive form of travel in every sense of the word. It is devastating when it comes to our energy policy, to our conservation, and to the actual movement of people.

Madam Secretary, as I said, I look forward to seeing what your original submission to the White House was. I have to say to you that I respect you. I happen to know what you will not even talk about here, which is disappointing to me, and I think maybe you feel far more akin to my remarks than you have given public evidence of, but, as Senator D'Amato has said, there has been no thought given to a national transportation policy in these budget cuts. You might have given thought, but the man that demanded the cuts does not know his you know what from first base when it comes to transportation. [Laughter.]

Strong letter follows. [Laughter.]

Senator D'AMATO. I only have several other questions, and they really deal with aviation because I think you know where my feelings are as it relates to the mass transit cuts.

I also share Senator Weicker's strong feeling, Madam Secretary, that you have been a strong proponent of mass transportation in what I think have been very reasoned approaches. In addition, I respect your defense of the final decision on the budget, so I will not press you any further on that. I simply have to reiterate that as a result of having seen this operation for 5 years now, I recognize Mr. Stockman's handprints very clearly. They have not changed.

It is time to get focused on other areas where we could come up with some reductions, and yes even some areas in which to raise revenue to help reduce the deficit and bring about conservation as Senator Weicker has suggested. There certainly are reasonable alternatives. Maybe we have to start out from this point in the budget process to finally arrive at workable alternatives.

ADEQUACY OF FAA INSPECTION FORCE

On another subject, commuter airline accidents, the grounding of several airlines, and increased penalties for safety violations have led some in Congress to question the adequacy of the FAA's inspection force.

When will the FAA's review of the adequacy of its 674 inspectors work force be completed?

Secretary DOLE. Senator D'Amato, first of all, let me just back up for a moment and say that Don Engen, of course, initiated a Safety Activity Functional Evaluation, what we call SAFE, the review of the inspector procedures and so on, just recently, and I will get that date for you as to just when he feels that would be completed. But a year ago, a little over a year ago I did start an indepth inspection of all the airlines which we called NATI, the National Air Transportation "white glove" Inspection. This was designed to be an extra inspection, a very indepth inspection on top of the regular work the FAA does.

We carried out thousands and thousands of inspections of all air carriers. There were 43 that went into an even longer review. Some were grounded.

At the same time that I initiated that inspection that we also increased our inspectors by 166, about 25 percent, and Don and I both

are very much committed, as you know, to safety. That is our top priority.

I am very pleased that he has undertaken this review of the inspectors and the procedures that we use, the jobs, and what might be done to tighten up. If there is anything that should be adjusted there, you can be certain that we will.

In terms of a timeframe, I do not believe we have that now, do we, on when that would be completed?

Mr. DERMAN. I think the Administrator said it would take at least 3 to 6 months to complete that, but if his preliminary analysis should call for immediate changes, we would incorporate those requirements immediately in an appropriate request to the Congress.

Senator D'AMATO. That would be the next question, as to advising the subcommittee and the Congress so that if additional funds are needed to increase the inspection work force, obviously we would like to be in a position to move in that area.

Mr. DERMAN. The Secretary would not hesitate to do that.

Secretary DOLE. We also initiated a 12- to 18-month review of general aviation which is ongoing right now. So the results of that, plus the SAFE program, should be available I would say in late 1985, but then there may be a necessity of developing staffing standards and training requirements which would mean some months later before the entire procedure was completed.

AVIATION DEREGULATION AND SAFETY

Senator D'AMATO. Secretary Dole, one further question, again relating to maintenance.

There are those in the Congress who may think that there is a correlation between the competition and some of the financially strapped carriers and maintenance efforts.

Do you feel competition leading to various cost-cutting procedures may contribute to this? Are you concerned about that?

Secretary DOLE. We have said again and again that as we go through a period of deregulation, through the transition period, that FAA with the responsibility for maintaining safety will not—we will not in any way permit a diminishing of safety as a result of deregulation. That is something that I very much am concerned about. We watch that closely to make certain that there are not those kinds of corners cut, Senator.

That is a top priority, and we will continue to do what we have done already with the extra inspection, the white glove, the general aviation, the additional inspectors being added on, the review of the inspector procedures. We are continually involved in an ongoing review of these safety issues. And where changes need to be made, they will be made. And we will continue to go back and review again and inspect again.

SUBMITTED QUESTIONS

Senator D'AMATO. Let me at this time indicate that there are additional questions for the record that other members of the subcommittee have submitted. We will submit them to you for your responses.

Secretary Dole, let me commend you again for your candor, for your presentation, for your defense of your Department's budget, and by the way, for the cogency of many of the arguments you have put forth. I do think there are certain areas that you mentioned, such as the building of new transit systems, which lack the necessary ridership and can never really operate at any degree of efficiency, where I would support you in saying "enough is enough." But it is a balance we seek, and I hope we will be able to achieve that.

And let me thank you for your testimony.

Secretary DOLE. Thank you. We appreciate it.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

AMTRAK

SENATOR ANDREWS: What level of Federal investment would be necessary at JFK, Newark, LaGuardia and Washington National to accommodate the increased traffic attributed to elimination of Amtrak? What safety problems might FAA face with increased congestion?

ANSWER: Given that the benefits of the \$2.1 billion investment in the NEC accrue to specific States and localities, these groups may well find it worthwhile to continue all or part of the existing Amtrak NEC rail passenger service.

We are confident that the air industry will continue to provide safe service to any customers that switch to air service in the event that no entity finds it worthwhile to continue all or part of the present Amtrak NEC rail passenger service.

SENATOR ANDREWS: Amtrak is billed by OMB as a "middle to upper income" subsidy by virtue of the income levels of about half the Northeast Corridor passengers. Again, what about the other half? How many of these passengers rely on Amtrak to commute to places of employment?

ANSWER: Amtrak has provided us the following passenger characteristic table that was also provided to the OMB:

Amtrak Passenger Characteristics

	<u>Total Household Income</u>				
	<u>TOTAL</u>	<u>NEC</u>	<u>SHORT</u>	<u>MED</u>	<u>LONG</u>
Under \$10,000	10.8%	7.2%	7.6%	13.1%	17.0%
\$10,000 to \$14,999	10.3	8.2	7.7	12.4	15.6
\$15,000 to \$19,999	12.5	11.8	11.2	14.0	14.4
\$20,000 to \$29,999	19.7	17.9	17.4	22.5	23.3
\$30,000 to \$39,999	14.8	13.7	14.3	15.6	15.1
\$40,000 or more	31.9	41.2	41.7	22.4	14.6

DEFINITIONS:

NEC - Northeast Corridor

Short - Passengers taking trips of less than 4 hours

Med - Passengers taking trips of 4-12 hours

Long - Passengers taking trips of more than 12 hours.

SENATOR ANDREWS: Given the sizeable investment by the Federal Government in Amtrak, what do you plan to do with the existing assets?

ANSWER: If Amtrak per se ceases to exist, the Department, by virtue of the Government's lien on Amtrak's assets, will do all that is possible to preserve those assets that are seen as useful to state and local governments or private entities for operating rail transportation.

SENATOR ANDREWS: The present book value of Amtrak's assets is approximately \$3 billion. What do you expect to

realize from the sale of those assets (especially if there is no demand for passenger related equipment)?

ANSWER: We do not presently have an estimated value for these assets. The actual value will ultimately be determined by the potential user of the equipment and assets, and this will not become clear until later this year.

SENATOR ANDREWS: The Administration proposes no further funding for Amtrak - yet Amtrak has met and in some cases exceeded Congressionally - mandated performance standards. Isn't this cut somewhat unfair? That is, isn't it unfair to pull the rug out from under a program when the effort has been made to comply with cost-saving requirements?

ANSWER: Amtrak is making some progress, there is nothing unfair about our proposal. The Federal government still provides a 50% subsidy to Amtrak passengers and negligible subsidy to support other commercial intercity passenger transportation modes. On top of this, the subsidy goes largely to middle and upper income travellers. The time has come for those groups desiring and benefitting from Amtrak service to find creative ways to fund such service themselves and cease relying on the general taxpayer for transportation assistance.

SENATOR ANDREWS: In calculating the cost of Amtrak the administration cites the \$35 per passenger subsidy figure as not defensible. But if you look at the airline industry the subsidy per passenger is close to \$40 when you include the general funds used for operations and the tax expenditure lost due to business expense write-offs. Is the Federal subsidy to air travelers also too high?

ANSWER: We feel it would be no more than a diversionary tactic to argue that a legitimate business deduction (i.e., a loss of tax revenue) is a "tax subsidy," and more important, Amtrak's claim misses the point that any such tax offset accrues to the corporation whose personnel are doing the flying. It does not accrue to the airlines. While business tax deductions may have the effect of stimulating certain activities, the deduction is incorporated in the tax code for reasons other than subsidizing the activity and, therefore, should not be considered a subsidy to that activity.

The calculation of the \$35 per passenger Amtrak subsidy in FY 1984 was based on total appropriations for operations and capital divided by total passengers, a far more direct standard for calculating subsidies.

There are no operating or capital subsidies for commercial airlines in the FY 1986 budget. User fees (the 8% ticket tax, fuel taxes, etc.) will cover the fair share costs of the use of the nation's airway system by all non-Federal users, including the commercial airlines industry.

The \$730 million (15%) of the FAA budget not covered by user fees is attributable to military and other Federal beneficiaries of the airway system.

Amtrak's statement that most of their traffic is vacation travel (and that their "business subsidy" is only \$2 per passenger) further validates our position that continued Federal subsidy is not justified.

SENATOR ANDREWS: The budget request does not show any expense nor provide any new budget authority for employee separation payments -- what is the Department's position on labor payments?

ANSWER: Labor protection provisions are the corporate responsibility of Amtrak, not of the Federal Government. Although the Federal Government is Amtrak's major stockholder, it is a false notion that this represents any kind of legal commitment for the Federal government to pay six years of labor protection to each and every employee.

In the unlikely event that no Amtrak service whatsoever remains after eliminating Federal subsidies, then, under current labor protection provisions, Amtrak's 21,000 employees and another 4,000 contract employees could receive full salary and benefits, adjusted for cost of living up to six years, provided the bankrupt Amtrak estate is able to fund such benefits.

The cost of Amtrak labor protection under current labor agreements would total about \$2.1B over the next six years. Even at these levels, these costs compare favorably to subsidies of nearly \$5B to operate Amtrak in the same time frame.

If Congress feels it is desirable public policy for the taxpayers to pay labor protection for Amtrak employees, as they did with the Penn Central, then appropriate legislation should be enacted. Alternately, if Congress enacted legislation similar to that for other troubled railroads (Conrail, Rock Island, Milwaukee), Amtrak's liabilities would be limited to less than one-sixth of its costs under current agreements.

SENATOR ANDREWS: Does the Department agree that employee separation payments could be as high as \$600 to \$800 million in the first year that Amtrak is terminated? And that total separation payments over five years could be as high as \$2.1 billion?

ANSWER: In the unlikely event that States and local entities do not continue any Amtrak service whatsoever, then those figures cited are correct: but we estimate that to reach \$2.1 billion the time span would be closer to six years. They are Amtrak's corporate liability under existing labor agreements. These costs compare favorably to subsidies of nearly \$5B to operate Amtrak in the same 6-year time frame.

Should Congress enact legislation to provide labor protection similar to that recently enacted for other troubled railroads (Conrail, Rock Island, Milwaukee), Amtrak's liabilities would be limited to less than one-sixth of its costs under current agreements.

SENATOR ANDREWS: For Amtrak's assets that cannot be readily liquidated, what provision has the Department made to adequately protect and maintain them once bankruptcy proceedings have begun? If not, why not?

ANSWER: The Government's lien on these assets should be sufficient to secure them for transportation users. As to protection and maintenance, we believe that there should be sufficient cash remaining at the end of FY 1985, in terms of uncommitted capital funds, that an orderly shutdown, a temporary mothballing and police protection will be possible until it becomes clear which of the assets will in fact be used by organizations interested in and capable of operating them.

SENATOR ANDREWS: Has the Department made any provision to maintain the existing track and facilities on the Northeast Corridor? If not, why not? (Northeast Corridor appropriations total \$2.2 billion.)

ANSWER: The Department does not at this juncture propose to "maintain" the Northeast Corridor facilities in the sense of paying for their maintenance in the long term for use in rail service. However, we do intend to maintain them in the sense of preserving and securing them until such time as they can be taken over by other rail users if Amtrak does go bankrupt. In addition, appropriate maintenance would be taken by the trustee managing Amtrak property on portions of the corridor being used for commuter and freight operations.

SENATOR ANDREWS: Since Conrail trains and traffic travel over the existing Amtrak tracks, what will happen when Amtrak is unable to honor its contract with Conrail regarding trackage rights and the necessary track maintenance?

ANSWER: In the event of an Amtrak bankruptcy, Conrail and the commuter authorities could continue to operate on the Northeast Corridor as managed by the trustee appointed to oversee the bankruptcy proceedings. The trustee could use available cash, including appropriate trackage and operating rights payments from Conrail and the commuter authorities, to maintain the Corridor while a transfer of Corridor operation and control to a new operator or operators is achieved.

SENATOR ANDREWS: What estimate does the Department have of the number of employees that, when terminated by Amtrak, will exercise their "bumping rights" and join the payroll of Conrail and Southeastern Pennsylvania Transportation Authority (SEPTA)? If no estimates have been done, why not?

ANSWER: Amtrak employees do not have bumping rights into SEPTA. Some 1,300 Amtrak train and engine crew members could displace Conrail employees. Amtrak estimates that as many as 3,500 members of BRAC and other non-operating unions could also argue that they have similar displacement rights.

SENATOR ANDREWS: In holding out the possibility that someone other than the Federal Government might run some of the trains, would you allow for some transition phase or is that entirely up to the new operators and the existing Amtrak arrangement?

ANSWER: Federal funding for Amtrak will cease at the end of the current fiscal year. No specific transition phase is contemplated since individual arrangements with interested operators would have to be made with the trustee.

SENATOR ANDREWS: Madam Secretary, last week the Washington Post quoted the Senate Majority Leader as saying that the Administration has a back-up list of budget cuts. Are you aware of such a list? Where does Amtrak subsidy elimination stand with the Administration?

ANSWER: I am not aware of any back-up list of budget cuts. Eliminating Federal subsidies to Amtrak is high on the Administration's list of actions needed to reduce the deficit.

CONRAIL

SENATOR ANDREWS: The U.S. in the case of COMSAT and the British Government, in the case of Telecom, successfully sold Government operations to the public through stock offerings. Why don't you think that would work in the Conrail case?

ANSWER: Neither the British privatization experience with British Telecom, nor the public offering of COMSAT stock are applicable to the sale of Conrail stock.

Neither British Government nor the Congress in the case of COMSAT had the dual objective before it of ensuring strong, viable service and maximizing the return to the Government.

The British Government has indicated that the primary objectives for the sale of that Government's interest in nationalized firms is the return of these concerns to the private sector; to get private British citizens to invest in business and to ensure that the companies are widely held.

The average Briton is unfamiliar with stock ownership, therefore, a number of devices were developed to interest them in stock ownership, including an extensive ad campaign and discounting phone bills. In fact, the opposition has charged that the stock was deliberately underpriced in order to sell it out.

The British Government has not been selling 100 percent of its stock ownership in most instances. In some cases, the Government retains specific authority to intervene in corporate activities. The same is true with COMSAT, a private (non-government) corporation that was established without Federal investment by the Satellite Act, which includes a number of provisions applicable to the conduct of its business and affairs. Some of these provisions govern corporate matters and are not ordinarily subject to U.S. Government supervision or control. We do not believe such action would be consistent with our efforts to return Conrail to the private sector in its entirety. In COMSAT's case the Government was also interested in seeing that its major telecommunications industry users would remain involved. For that reason, 50 percent of the ownership was pre-sold to firms such as AT&T and GTE.

British Telecom is unique but in a different way. It is in essence, and for the moment, a monopoly firm. (A competitor has been incorporated and will be allowed to compete for a number of years before any other firms may enter the market.) British Telecom has been consistently profitable and its future is optimistic due to the fact that telecommunications is a growth industry and British Telecom has a significant "high tech" component.

COMSAT has been designated by the U.S. Government to participate in INTELSAT and INMARSAT and as such is the only U.S. firm participating in these global communication systems.

When we examined Conrail we observed that the

railroad industry is cyclical, and Conrail's region is more sensitive to business cycles than others. There are other risk factors involved with the purchase of Conrail due to its short history of profitability and uncertainty about its future performance in light of the decline of smokestack industries that comprise much of Conrail's traffic base.

Additionally, the entire railroad industry faces uncertainty because of the threat of reregulation, current labor negotiations, and proposed tax legislation. For all of these reasons, Wall Street is not recommending the purchase of rail stocks at this time.

In COMSAT, there is an ownership limitation which was proposed to ensure that the coalition of telecommunications industry users would always maintain ownership control of the company. In contrast, Conrail management's proposal uses the limitation to ensure that no owner maintains control of the railroad.

Ironically, the objectives of the Satellite Act and the Department's objectives in structuring a negotiated sale of Conrail are similar. In both cases a primary objective is to ensure that there is a controlling interest in the company which can be relied upon to operate the company in a manner consistent with the purposes for which it was created.

SENATOR ANDREWS: Will service to Midwest and Plains States shippers that now interconnect with Conrail be equal or better than current service under your proposal? How will North Dakota shippers of wheat and other agricultural commodities that now travel east receive at least equal, or perhaps better, service under the arrangement you propose?

ANSWER: Shippers in the Midwest and Plains States will most likely see no change in the service they now receive when interconnecting with Conrail. The Conrail/Norfolk Southern (CR/NS) consolidation plan provides for retention of routes from the Midwest gateways to the parts of the Atlantic region that are now served by Conrail. Rail service could even be improved since the Conrail lines to the Southern gateways from Chicago are somewhat better than the ones operated by NS.

As for agricultural shippers in North Dakota, it is unlikely that they will be adversely affected by a CR/NS consolidation. A review of the state-to-state flow of agricultural products hauled by rail from the 1983 Carload Waybill Sample indicates that nearly one-half (48%) of the shipments that originate in North Dakota are either local to North Dakota or travel to an adjacent state. An additional 31% travels to other midwest states, 14% to other western states, and the remainder (7%) travels to states in the eastern and southern regions of the U.S.

SENATOR ANDREWS: What is the estimate of the number and kinds of "New Captives" (captive shippers)

that the proposed Conrail sale produces? Are you relying on the Justice Department's anti-trust review or has DOT's rail economists addressed the question of captive shippers?

ANSWER: The Department of Transportation (DOT) is not privileged to shipper specific data and therefore is unable to identify any shippers that could potentially become captive to a CR/NS rail system. DOT is relying on the Justice Department's (DOJ) review since DOJ did receive shipper specific data for areas that were considered by DOJ to be "problem areas."

SENATOR ANDREWS: Has the Department done an estimate of the cross-subsidy Amtrak provides Conrail by maintaining and operating the Northeast Corridor?

ANSWER: The Department has not done such an estimate independently of Amtrak. Amtrak's projection of FY 1986 payment from Conrail is \$20.7 million for Conrail's use of the Northeast Corridor.

SENATOR ANDREWS: Has the maintenance of the Northeast Corridor been calculated or reflected in the sale price of Conrail? It has been suggested that Conrail would have to shoulder an additional \$116 million in yearly operating costs to maintain Northeast Corridor track if Amtrak were out of business. Has the Department done any analysis in this area? Can you agree with or refute that \$116 million estimate?

ANSWER: The organizations bidding for Conrail had to make their own assumptions about arrangements for access to the Northeast Corridor and payment for its use. For example, there is no clear statutory provision that a successor to Conrail would benefit from the same low rate for use of the Corridor. This should have been taken into account in their bid prices regardless of Amtrak's future status. Amtrak's latest estimate of the additional cost that Conrail would have to bear to operate and maintain the Corridor track in Amtrak's absence is about \$114 million. This consists of \$81.7 million south of New York and \$32.6 million north of New York. We have not done an independent analysis in this area but we note that Amtrak's figures are based on its own costs, and we would not seriously challenge Amtrak's numbers.

- o North of New York it is questionable whether Conrail's successor would bear those costs relative to the amount of traffic in that area.
- o Amtrak has included approximately \$28 million of regional overhead and support costs in its \$114 million estimate (\$21 million south of New York and \$7 million north of New York). Conrail's successor's incremental overheads and support costs could be lower, but this is not certain.
- o Amtrak has indicated the \$114 million estimate includes costs based on the current plant configuration and in the long run costs could be reduced by about 25 percent.

SENATOR ANDREWS: Did your sale negotiations contemplate or provide for the possibility that if

Amtrak were no longer in existence a potential bidder might have to assume the additional expense of purchasing (at a liquidation sale) the track now owned by Amtrak?

ANSWER: Such a contingency was not a factor in the negotiations since they occurred prior to the formulation of the FY 1986 budget.

SEAT-BELT INITIATIVE

SENATOR ANDREWS: In the appropriations for Fiscal Year 1985, your seat-belt initiative was funded to a maximum of \$10 million. The conference report identified \$2.5 million in NHTSA appropriations and an additional \$7.5 million was identified to be reprogrammed from other accounts. What is the urgency for those funds now? How will those funds be spent? When do you estimate that you could spend the total \$10 million?

ANSWER: Funds are needed immediately for a variety of reasons. First of all, much work must be done to inform the public about the need for occupant protection whether it be active, passive or both. In those States not actively pursuing safety belt legislation, a much better job of public information and education must be done to get the public to accept either active or passive restraint initiatives. In those States actively pursuing or having already passed safety belt (or child seat) usage laws, immediate public information efforts (preferably conducted by organizations with the State) must be initiated to make the public aware of such laws and to explain the need for them. This is very important in view of our 1973-74 experience with States attempting to pass safety belt use laws. The lack of a sufficiently strong information base was a primary factor in the failure to obtain public support for such laws in that era.

Another need which must be met immediately is to aid the States in implementing enforcement procedures which will result in significantly higher safety belt (and child safety seat) usage rates. The foreign experience has shown clearly that this element must be present for such laws to result in optimally high usage rates.

In order to fulfill the above (and other) needs, the following activities will account for the major projects to be funded:

1. State and local program assistance (in educating the public and implementing usage laws);
2. National organizations support (to provide for education programs by State and local affiliates);
3. Media development (to provide mass media public information for active and passive restraints);
4. Program integration (to ensure that Federal, State and private sector efforts facilitate each other);
5. Research and Development (to find the most effective ways to conduct programs and evaluate their effectiveness);
6. Program evaluation and support (to evaluate the performance of safety belt, child safety seat and automatic restraint programs).

The funds that are currently available are already nearly completely obligated. According to our detailed plans, additional funds would be largely obligated by mid-summer. All would be obligated by the end of the fiscal year.

SENATOR ANDREWS: Your July 11th ruling requires automatic passenger protection devices in all new 1990 car models unless two-thirds of the Nation's population is covered by State mandatory protection laws. You do not propose to use your requested \$10 million to lobby for specific legislation; however, this does seem to be a goal of the July announcement. Could you clarify for us the distinction you are making?

ANSWER: We don't believe the funds should be used for lobbying. We do believe there is a need for balanced, factual information for the general public as well as State legislators on automatic and manual systems, on the need for occupant protection, and the almost immediate payoff that can be achieved by increased use of existing belt systems.

SENATOR ANDREWS: How are the funds for a program manager to be spent? You asked for \$900,000 of the first \$10 million to go for this purpose.

ANSWER: The objective of this contract is to provide for managing a support system consisting of management strategies, coordination strategies, and educational strategies to support national and State activities in adult and child occupant protection.

The magnitude and complexity of the national, regional, and State activities to promote occupant protection create a significant management need for the coordination, integration, and strategic focusing on educational activities, information, research and communications. A mechanism is needed to avoid duplication (where possible), to tailor offerings to specific State and national organizational needs, to disseminate effective ideas and programs from one area to another, and to provide ongoing feedback to national program management.

On the national level, the contractor shall review information on Federal, State and local activities in each State (as well as the private sector activities) in order to identify new opportunities and improved strategies for accomplishing program goals. As part of this interpretive analysis, the contractor shall report on the various types of gaps and duplication that are likely to occur as more private sector organizations and volunteer groups expand their educational activities.

These potential program gaps include target audience gaps, geographic distribution gaps, quality gaps, perceptual gaps, and communication gaps.

At the State level, the contractor shall prepare an assessment plan and program which sets forth alternative strategies for obtaining the objectives set forth above. The assessment, plan, and program shall be specifically tailored to the State specified in the task order and shall reflect consideration of group and organizational activities within the State.

The growing public and private sector support for adult and child occupant protection is creating a range of new opportunities and needs in the States. This project will provide the needed framework of strategy development to the States and the national level program management. Its goal will be to optimize the efforts of the multiple public and private sector groups involved, who are using a variety of activities to promote occupant protection across the country.

SENATOR ANDREWS: In how many and which States will you be active with the first \$10 million?

ANSWER: At the \$10 million level, we will be able to serve approximately 10 States with the full range of technical and financial assistance and develop additional passive education materials. We have begun negotiations for assistance with the six States that have passed legislation as well as the States of Maine and Delaware. We believe other States that would most likely benefit from our early assistance will come from the following list:

Alabama	Nebraska
Arizona	North Carolina
California	Ohio
Colorado	Oregon
Connecticut	South Carolina
Florida	Tennessee
Massachusetts	Texas
Minnesota	Virginia
	Washington

SENATOR ANDREWS: How much has NHTSA spent over the past three years on its educational campaign to disseminate seat belt information to the public?

ANSWER: The Section 403 funds obligated in 1982, 1983, and 1984 were about \$6.8 million. Section 402 funds totaled \$19.2 million in those same years. Section 402 grant funds are controlled by the States. A substantial portion of Section 402 grants have funded child safety seat programs at the State and community level.

SENATOR ANDREWS: What is the difference between (besides the amount of resources) the new program's efforts and NHTSA's past efforts in this area?

ANSWER: The new program builds upon the existing education program, both in the amount of support provided organizations and States and in the types of support provided. The decision adds a new focus to existing programs, including new efforts to educate the public on the value of required use legislation and passive restraints.

A much-enhanced public health/medical education program is included in the 208 plan along with significantly more activity designed to stimulate safety belt usage programs among employers. In addition, workshops and seminars to provide training for program coordinators, media personnel and enforcement personnel in all States has been greatly enhanced.

Emphasis is being placed on the development and incorporation of passive restraint materials in the educational efforts of the national organizations and the States. In addition, marketing efforts and demonstration efforts will be used to promote public acceptance of automatic restraints.

Support is being provided for States to enact and to implement mandatory safety belt use legislation which they have recently passed. Such support is similar to that provided to States in the early years of the child restraint legislative effort. It includes enforcement seminars, media materials, educational efforts aimed at supporting such laws, etc. It also includes support for organizations which exist in the States for the purpose of promoting safety belt usage, as was the case in both the child restraint and anti-drunk driving programs.

SENATOR ANDREWS: Madam Secretary, last year the Subcommittee asked whether the Department would meet its seat belt usage goal of 25% by the spring of 1986, when only 14% of the general population used seat belts. You stated that meeting the goal would be difficult but attainable. Do you still feel that way? What has changed? How will this new program help achieve the 25% usage rate? What will the usage figure be by the spring of 1986 if you are provided all the requested funds?

ANSWER: The usage information that we have been using comes from NHTSA's ongoing 19-city survey. These surveys are valuable for detecting trends across the country, but they are not designed to be representative of the nation as a whole. The 25 percent goal was set using the data from this 19-city survey. The passage of mandatory use laws (MUL's) in States where these cities are located can have a direct effect on the usage number. For instance, two of those cities are in States that now have safety belt usage laws: New York and Chicago.

The expanded program not only promotes the voluntary use of safety belts but that same information creates the climate for State mandatory use laws. The results of the 19-city usage rate in the spring of 1986 will be influenced by which additional States pass MUL's. We believe achieving 25% within the next year is very probable. We are also exploring the possibility of conducting a nationally representative usage survey which would provide us with more complete data on belt usage nationwide. Such information would give us a better idea of how well our education campaign is working.

SENATOR ANDREWS: Last year you described "...an extremely active national safety belt use program..." involving 53 national organizations to provide educational outreach. Testimony was also given that over 70 percent of the population have heard safety belt messages. What will this new program do that isn't now being done? What are your benchmarks for program success:

- usage?
- number exposed to a safety message?
- the percent of the population covered by laws?
- lives saved?

ANSWER: The focus of our program has shifted substantially. Whereas one year ago we were principally concerned with promoting voluntary safety belt use, our program now has the added goals of educating the public on passive protection and fostering State mandatory use laws.

With full \$20 million funding, we believe that one year from now, the following is achievable:

1. Eight to twelve states will have enacted mandatory safety belt use laws.
2. Use rates in those states with required use laws should exceed 50 percent.
3. NHTSA will be providing the full range of technical and financial assistance to approximately 20 states.
4. Passive protection education will be fully incorporated in the outreach program and supplemented with films and brochures. The air bag vehicle demonstration fleet will also be in place.

SENATOR ANDREWS: How much of the passive restraint initiative will be spent on air bags versus seat belt education during Fiscal Year 1985 and subsequent years?

ANSWER: The national occupant protection plan represents a balanced approach to educating the public about active safety belts and individual passive restraint systems (automatic safety belts, air bags or other energy absorbing/energy management systems which meet Standard 208). Although the design of many of the public information and educational projects features a curriculum combining both active and passive restraint systems, it is possible to identify specific projects which are focused strictly or primarily on one or the other system. Listed below are funds that can be identified as being spent on active and passive systems and a total for funds which cannot be reasonably put in just one of these two categories because of the integrated nature of the activities.

Active belt activities are needed immediately to educate and improve the factual foundation for the debates on safety belt laws that are occurring now in State legislatures. Information is also needed to encourage belt usage in those States that have passed belt use laws, and efforts are needed to provide evaluation support in the States that have enacted such laws. Information on passive protection is necessary to overcome the lack of knowledge and misinformation that now exists regarding these safety devices and to encourage public acceptance of these devices, since a portion of the new MY 87 car fleet will contain this equipment.

Funding Allocation

Active	\$ 4,007,000
Passive	3,971,000
Combined	12,022,000
Total	<u>\$20,000,000</u>

SENATOR ANDREWS: Do you see any readjustment necessary to the existing Sections 402 and 403 programs because of this initiative?

ANSWER: The FMVSS 208 implementation plan is a clear extension of the Section 402 and 403 program that had been developed over the past three years to stimulate voluntary safety belt use. The conceptual basis for the past program, and for the FMVSS 208 implementation package, is principally to stimulate programs and education at the State and community levels. The lessons that have been learned over the past three years in stimulating State and community programs have been carried over into the FMVSS 208 implementation package. Efforts in child safety seat programs, model community programs, employers programs, and efforts at the community level by national organizations have all formed the foundation for the FMVSS 208 implementation package. Although the foundations of the FMVSS 208 program stem from efforts developed over the past three years, the program now carries the added feature of promoting passive protection and safety belt use laws. We believe no further adjustment is necessary.

SENATOR ANDREWS: Is it true that none of the requested funds will be used for NHTSA salaries and expenses? How much of the program will go for salaries and expenses of the national organizations involved in the effort?

ANSWER: None of the funds will be used for NHTSA salaries and expenses. In the \$20 million program, assuming the current restrictions are lifted, an estimated \$300,000 will go for salaries and expenses of the national organizations' staffs that

are involved in the promotion of safety belt and child safety seat usage. In addition, funding is provided for program development and implementation, project-related travel, local mini-grant project awards, etc.

SENATOR ANDREWS: Do you have any estimate of which States are likely to achieve seat belt legislation with or without this program?

ANSWER: We are confident that our technical and financial assistance will help create the climate necessary for the public to accept required use legislation and to properly implement those laws. In New York State, for example, NHTSA funds supported model community programs prior to enactment of its required use law. Technical assistance included a community safety belt and child safety seat program management course and a media access workshop. Other technical and financial assistance was made available to the other States enacting required use laws prior to passage.

We anticipate 8-12 States will enact required safety belt use legislation in the next year. Although it is very difficult to assess which States would do so without our assistance, we believe the national education program that has been underway for about three years, the child safety seat laws and safety belt laws that have already been enacted, and private sector programs have been, and will be, beneficial in achieving required use legislation and effective implementation of those laws.

AVIATION SAFETY

SENATOR ANDREWS: In light of this review, a follow-up to last year's "White Glove" inspection, what changes do you and FAA Administrator Engen feel should be made to the current inspection process?

ANSWER: Economic deregulation was a phased-in process which began in 1979 and did not fully impact the air transportation industry until late 1982. At about the same time the U.S. economy started to show signs of steady improvement. These two factors have led to a highly competitive environment. The number of new applicants seeking FAA certification significantly increased and, at the same time, existing operators were seeking new approvals to change the nature and scope of their operation to meet competitive forces. Many organizations after certification have ceased operations due to the inability to meet competition. Over the last several years, these factors have placed a heavy certification workload on the FAA's inspector work force. The National Air Transportation Inspection confirmed that the shifted emphasis to certification work activities resulted in a deterioration of surveillance activities.

To rectify this situation, the Administrator has directed that revised National Work Program Guidelines be developed and implemented. These revised guidelines will require that surveillance work activities be accomplished with regularity on a priority basis.

SENATOR ANDREWS: Have all the newly-hired 166 safety inspectors completed training? How soon will they be fully proficient?

ANSWER: Although the persons hired to fill those 166 positions have not been tracked by name, all such persons as well as those hired to replace those lost to attrition, are receiving training as rapidly as possible. Our formal training is programmed approximately 18 months in advance. Therefore, the increase caused some delay and considerable rearrangement of training schedules. Field familiarization and on-the-job training for some is still continuing. However, all persons hired by September 30, 1984, should have completed both formal and informal training by July 1985. Although it varies with individuals, it usually takes a period of approximately 2 years of field experience along with the formal training to become fully proficient.

SENATOR ANDREWS: What response will (or has) the Department make (made) to the January letter from the Ralph Nader Group. Aviation Consumer Action Project, regarding underreported near-collisions over the past two years?

ANSWER: Over the past several months we have received valuable suggestions and comments from a wide variety of airspace users, including Mr. Nader.

First, it is appropriate to discuss the criteria for determining when a near midair collision occurs and why the FAA investigates them. A near midair collision includes any event in which it is alleged by an aircrew member that an unsafe condition existed as a result of two aircraft in close proximity. FAA investigates these incidents not to amass statistics but to identify potential weaknesses in the system. Thus, the absolute number of reports received is not as relevant as trends and characteristics that may be gleaned from those reports.

In regard to the 63 reports referred to in Mr. Nader's letter, I can assure you that an investigation into all of these alleged events has been initiated. As of the 19th of February, 44 of these cases have been closed, 18 remain under investigation, and one was cancelled by the pilot involved.

Administrator Engen has formed a special task force for a thorough review of the near midair collision reporting program. This effort will assist us in making specific changes that will enable us to maintain our present high level of safety. In fact, the FAA has already ordered procedural changes to assure that all near midair collisions are accurately recorded.

"WHITE GLOVE" SAFETY INSPECTION

SENATOR ANDREWS: Last year you initiated a review of the Department's programs to ensure that safety standards were not compromised, particularly in light of deregulation. Please discuss the major findings and explain what follow-up work was deemed necessary.

ANSWER: The review was initiated in 1984 and is continuing at this time. Preliminary findings include:

1. A need to improve the standardization of the application of policies, procedures, and the accomplishment of inspection work tasks.
2. A need to continue to develop a real time capability to monitor and evaluate a rapidly changing air transportation industry. This includes the need to develop and implement an Aviation Standards management data base which provides for

evaluation of the many interrelated and interdependent aspects of a surveillance program to improve the capability to promptly and effectively react to aviation environmental changes.

3. A need to assure that certification and operating regulations and attendant policies and guidance information are consistent and technically appropriate to the current operating environment.

4. A need to improve and upgrade inspector capabilities and resources.

A number of projects are already underway to address these problem areas. The heart of Project Safety Analysis and Functional Evaluation (SAFE) is a detailed job task analysis which incorporates all Flight Standards technical and support functions. The job task analysis documents the tasks performed by safety inspectors, including task behaviors, action determinants, conditions, standards, time, and supporting information. When the job task analysis is completed, the FAA will schedule a training program review to ensure that inspectors are receiving effective and efficient training. Other projects include an Airworthiness Inspector Refresher Seminar with required attendance by all airworthiness inspectors, the development of a principal operations inspector course, and the development of a job functions recurrent training course for all operations safety inspectors.

The review also has provided additional impetus to continue to bring on the automated data collection systems as quickly as possible. The Work Program Management System (WPMS) is on line and should be fully implemented by the end of the year, and the Aviation Safety Analysis System (ASAS) development and implementation is proceeding satisfactorily.

SENATOR ANDREWS: To what extent has there been a trend toward increasing Federal Aviation Administration (FAA) waiver of safety regulations?

ANSWER: There does not appear to be a trend toward increasing FAA exemptions from safety regulations. For each of the years 1981 through 1984 a relatively constant ratio (approximately three-fourths) of the applications acted upon were granted. In absolute numbers, 298 exemptions were granted in 1981, decreasing to 195 granted in 1984.

FINES

SENATOR ANDREWS: Given the recent fines of over \$600,000 and \$375,000 for Alaska and American Airlines, has FAA embarked upon a policy of "deterrence through penalty"?

ANSWER: The FAA has not embarked upon any such policy. One of the mandates of the Federal Aviation Act of 1958 is the promotion, encouragement, and development of civil aeronautics. Another is the regulation of air commerce in such manner as to best promote its development and safety. The FAA policy has always been to foster aviation safety by providing advice and guidance to industry so as to preclude violation of the Federal Aviation Regulations. Once a violation has been committed, the FAA has no alternative but to investigate all circumstances and take appropriate enforcement action.

Section 901(a) of the Federal Aviation Act of 1958 provides for a civil penalty of not to exceed \$1,000 for each violation, and states that if such violation is a continuing one, each day of such violation shall constitute a separate offense. Multiple violations over an extended period is the reason for the large fines on Alaska and American Airlines, not a change in FAA policy.

PROVINCETOWN - BOSTON

SENATOR ANDREWS: Provincetown - Boston airline was temporarily grounded in November 1984. After resuming service, one of its planes crashed when a tail section broke off, killing all 13 on board. What connection exists between violations leading to the grounding and the crash?

ANSWER: The reason for the revocation included fraudulent or intentionally false statements, invalid and fraudulent flight checks, inadequate training, failure to properly report intermediate flight stops, and other items primarily of an operational nature. Although the accident's cause has not been formally established, it does appear that a structural failure did occur leading to the loss of a primary flight control. There is no evidence that would support a correlation between the events leading to the grounding of PBA and the accident that followed resumption of operations.

SENATOR ANDREWS: A former Provincetown - Boston pilot was responsible for pointing out fraudulent actions used by the airline for qualifying pilots. Why did not FAA investigators uncover this problem? Is safety dependent on "whistle-blowers"?

ANSWER: The most difficult area of noncompliance for an inspector to uncover is fraud, particularly when it is condoned by management. In the case of Provincetown - Boston, it is true that several inspections, including the National Air Transportation Inspection (NATI), did not discover the falsification that was later found. It should be noted, however, that most of the falsified records that led to revocation pertained to training and checking requirements that were recorded in the previous few months.

Several actions have been undertaken to upgrade the quality of inspections performed by field inspectors. Inspector handbooks have been updated and new instructions pertaining to special inspections have been developed. Additionally, a new course of training for Principal Operations Inspectors has been developed that provides training on records auditing techniques.

SENATOR ANDREWS: This raises questions of adequacy of both the number and caliber of safety inspections. What steps are being taken to improve safety inspections, especially of the burgeoning commuter airline industry?

ANSWER: Last February, I directed FAA to increase the air carrier inspector workforce by 166 to return the workforce to the 1981 staffing level of 674. On September 30, 1984, we did in fact have 674 air carrier inspectors on board. At the end of January, we had 829 general aviation inspectors on board.

We also initiated an intense "white glove" inspection of all air carriers. This initiative, which we called National Air Transportation Inspection (NATI) was implemented on March 4, 1984, and completed on June 5, 1984. During the NATI, over 13,000 individual inspections were conducted. Additionally, in-depth inspections were conducted on 43 air carriers.

Due to the success of the "white glove inspection," in September 1984, the FAA began a 12- to 18-month inspection audit of general aviation. This initiative is called General Aviation Safety Audit (GASA). It is an in-depth analysis of the operations of on-demand air taxi, and general aviation safety oversight operations to ensure that our safety commitments are being fulfilled.

The FAA is currently conducting a Safety Activity Functional Evaluation (SAFE), an in-depth review of the inspectors' jobs and tasks and the specific steps to each task and the frequency in which these tasks should be accomplished. Changes in staffing or the inspector training program will depend upon the outcome of the SAFE and GASA studies. We anticipate completing the studies in late FY 1985, with follow-on development of staffing standards and training requirements to be completed in FY 1986. Since we will already be three months into the FY 1987 budget preparation cycle when the staffing standards and training requirements are completed, our current plan is to reflect any changes in the FY 1988 budget. Should the preliminary analysis call for more immediate changes, we will propose them.

SENATOR ANDREWS: Subsequent to the Provincetown - Boston grounding, FAA personnel worked to get the carrier back in the air as quickly as possible. Shouldn't Federal safety inspectors be instructed to ignore a carrier's economic considerations in the wake of a grounding?

ANSWER: When an air carrier is grounded, considerations such as public interest and essential air service commitments cannot be realistically ignored. The FAA's primary objective in a situation like Provincetown - Boston (PBA) is to ensure that the operation is in compliance with the regulations and safe. Economic considerations go far beyond the carrier in terms of impact on people and communities and therefore efforts to re-certify do have some priority. In the case of PBA, it should be noted that the re-certification effort was limited in scope. At the time of revocation, PBA was operating approximately 110 aircraft under the rules of FAR 121 and 135. When the certificate was re-issued, it was only allowed to fly a limited number of FAR 135 aircraft. FAR 121 operations have not been authorized to date.

AVIATION SYSTEM DELAYS

SENATOR ANDREWS: Last summer, aviation system delays increased some 80 percent, compared to a six percent increase in traffic. The subcommittee conducted a hearing in September to explore causes and solutions. What specific steps has the Department taken to avoid a repeat of that situation again this year?

ANSWER: A great deal of effort has been expended during the last six months to ensure that more efficient flows of traffic and increases in en route system capacity are achieved. Actions finalized or action which will be completed by May 1, 1985 are:

1. Increase in the number of new sectors (15 sectors established since last fall, with six additional sectors anticipated in the next 60 days).
2. New initiatives in traffic management:
 - a. En Route Spacing Program (ESP) positions have been installed at all ARTCC traffic management units (TMU's). These positions will resolve traffic bottlenecks and relieve congestion by spacing sector traffic in an orderly fashion. This spacing action will increase capacity and allow active departure traffic to be assimilated into the en route environment.
 - b. Dedicated Departure Metering Positions (DMP) located at selected radar terminal facilities and en route center traffic management units will work in concert with ESP positions. DMP will meter traffic departing busy airports into the en route environment in a dynamic manner.
 - c. En Route Sector Loading (ELOD) is an automated early warning sector saturation alert. When potential sector traffic loads are anticipated to exceed an established criteria an alert is sounded in Central Flow Control and appropriate action is then coordinated with the Traffic Management Unit (TMU) at the affected center.
 - d. En Route Sector Spacing Program, and the Department Metering Program are designed to work together in ensuring that system capacity levels will not be exceeded, safety margins are maintained and all available capacity is being effectively and efficiently utilized. When this is happening, we believe delays will be reduced considerably.
3. Approximately 70 percent of all delays occurred at the six airports where voluntary scheduling exercises subsequently took place in September for the period November 1, 1984 to March 31. Recent discussions with major airlines at those six airports indicate that for the most part those schedule adjustments made last fall to alleviate schedule peaks will continue throughout the summer because the carriers recognize the economic advantages of maintaining the depeaked schedules. We believe that with these measures, together with the continued cooperation of the airlines to alleviate scheduling peaks, the prospects for avoiding air traffic delays, such as those encountered last summer, are good. We will, however, closely monitor the system and will react quickly to address any major problems which might result if conditions change.

SENATOR ANDREWS: Will the FAA reach its staffing goal of 14,306 controllers by the end of this month? Is the Department reviewing both the adequacy of the goal as well as the qualitative side of the question--increasing the percentage of full performance level controllers?

ANSWER: The FAA expects to reach its FY 1985 staffing goal by the end of February, if current hiring commitments are fulfilled and attrition rates remain unchanged. We reviewed the adequacy of the goal in connection with the FAA's FY 1986 staffing requests. We are requesting only a modest increase in overall staffing, accompanied by an internal reallocation of positions from the terminal option to the en route option.

On the qualitative side, the percentage of operational controllers (controllers qualified on two or more controller positions) is a more important measure of progress than the percentage of full performance level controllers. In the terminal option, 100 percent of the goal of 6,096 operational controllers was achieved at the end of December. At that time, only 82 percent of the en route goal of 5,189 operational controllers had been reached. To speed up the training process, the FAA accelerated its en route initial qualification training classes at the FAA Academy by scheduling the majority of the students in the first half of FY 1985. Generic screening of new hires, which will be implemented later this year, is expected to lower our training attrition rates by assigning students to the option for which they have demonstrated the best potential. Last June, the structured staffing program was modified to increase the percentage of full-performance level controllers in the work force, by allowing all controllers to advance to the FPL level without competition.

SENATOR ANDREWS: Do you feel that schedule shifts among the carriers will have to be implemented again this summer, along the lines of last November's agreements? If so, is the Department prepared to grant antitrust immunity?

ANSWER: We believe that with an improved controller situation, reasonable weather and continued cooperation by the airlines additional schedule shifts like those of last year will not be necessary. Recent discussions with the major airlines indicate that for the most part those schedule adjustments made last fall to alleviate schedule peaks will continue throughout the summer. Should more dramatic steps become necessary, however, we will undertake whatever action is needed to allow the aviation system to function effectively.

NATIONAL AND DULLES AIRPORTS

SENATOR ANDREWS: When will legislation be submitted to effect the transfer of Washington National and Dulles Airport from Federal ownership?

ANSWER: Legislation transferring National and Dulles Airports to an independent airport authority is currently being reviewed within the Administration. Considerable support has surfaced for this proposal both within and outside of Congress. We feel the legislation has a good chance of being passed and anticipate sending our legislation to Congress in mid-March 1985.

Sufficient time must be allowed for the new independent authority to develop administrative, financial, and operating

procedures before the transfer can become effective. Since we cannot be sure of the precise timing of the transfer, we are still requesting funds to continue operating and maintaining the airports during FY 1986.

SENATOR ANDREWS: For what period of time will the airports be leased to the new airport authority and under what covenants? Will lease payments cover both capital and operating costs?

ANSWER: We have not yet settled on the term of the lease. There are two options (99 or 35 years); our ultimate proposal will depend on other provisions of our proposed legislation. The lease would include commitments that the authority meet the standards recommended by the Holton Commission. For example, the authority would have to be independent of the jurisdictions that create it, would be obliged to retain all present employees of the Metropolitan Washington Airports, could only operate the two airports, and would continue to operate both airports. Lease payments at a minimum would recover, with interest, all past appropriations for both operations and capital improvements that have not already been reimbursed to the Treasury through airport revenues.

SENATOR ANDREWS: What timetable do you envision for lifting the 16 million passenger cap at National?

ANSWER: If we can obtain consensus on an alternative measure or measures to the cap, it would expire upon the execution of a lease with the new authority.

SENATOR ANDREWS: What will be the status of the 1,000 mile perimeter rule, noise and evening flight use rules, as well as slot control at National after transfer? Will the new airport authority be bound by any of these rules?

ANSWER: Our intention is to give the new authority the same authority to establish and amend rules as any other airport proprietor. Depending again on our efforts to obtain consensus on these measures, the rules of a proprietary nature would transfer to the authority, which would then have the right to change them, while the air traffic rules, such as the slot requirements of the High Density Rule, would remain federal.

SENATOR ANDREWS: How will federal employee pension liabilities be covered in the Department's proposed legislation? What is the cost of this unfunded liability?

ANSWER: According to the Office of Personnel Management, full funding of federal pension liability would require a payment of 27.9 percent of payroll, as opposed to the 7 percent agencies now pay. For the Metropolitan Washington Airports, that would amount to about \$3.5 million per year for the next several years, increasing to about \$4 million by 2000, thereafter declining until the obligation ceases in about 2026. These figures assume, however, continuation of the present level of benefits in the federal pension system.

AVIATION POLICY

SENATOR ANDREWS: It has been reported that aviation policy is a top Secretarial priority, along with Conrail and budget issues. What changes to the current Federal policy are likely to be proposed? Will the Department become a more active participant in non-safety aviation matters, such as airport growth, airline schedule policy and peak load pricing?

ANSWER: We are considering a number of significant non-safety related aviation policy issues including;

- o Whether to permit air carriers to buy and sell slots at the high density airports.
- o How a deadlock breaking mechanism at the high density airports can be most effectively implemented.
- o What measures should be taken to ensure that we can act expeditiously should significant delays occur this summer.
- o Better definition of the respective roles of the Federal/State and local governments in airport access issues.
- o An examination of the effectiveness and desirability of peak period pricing by airport authorities to allocate demand at congested airports.
- o Whether any changes are needed in the computer reservation system regulation issued by the CAB.
- o A review of domestic antitrust policy to ensure that it maximizes competition.

In reaching decisions on these issues we will avoid unnecessary intrusion of the Federal government into the decisions which are better left to the marketplace or which are the appropriate responsibility of state and local government.

SENATOR ANDREWS: What is the status of proposals to allow carriers "Buy/Sell" authority for airport slots?

ANSWER: The question of whether to allow slots to be bought and sold is one of the most contentious and complex issues facing the aviation industry. The Department invited public comment on the issue last year, through a Notice of Proposed Rulemaking. We also held several public hearings across the country. We received extensive comments from a wide range of interested parties. The comments reflect extensive disagreement about the impacts and consequences of allowing slots to be bought and sold. We are reviewing the comments and the data that is available. We are looking at such issues as market efficiency, opportunities for new entry, impact on small community service, and service patterns generally, and effect on fares. We want to examine this proposal very carefully before proceeding further.

SENATOR ANDREWS: What response does the Department have to the Heritage Foundation proposal for air traffic system privatization?

ANSWER: We are open to proposals such as the one in the Heritage Foundation Study that suggested that a portion of the air traffic control system should be operated by the private sector. However, a significant amount of study will have to be done before we could convert a major function such as air traffic control, to private sector operations.

AIRPORT DEFEDERALIZATION

SENATOR ANDREWS: The Fiscal Year 1986 budget seeks the full authorized level of airport grant funding (\$1.0 billion). However, it projects a substantial reduction in 1988 and beyond. What are those annual levels?

ANSWER: The annual levels in the budget for the airport improvement program in 1988 and beyond are:

1988 - \$500 million

1989 - \$500 million

1990 - \$500 million

SENATOR ANDREWS: Explain the following statement found in the President's budget"

"Recent studies have concluded that many of the larger airports are able to finance all of their capital improvements and could be 'defederalized'."

When the Department submits legislation to defederalize certain airports, what types of "head taxes" will be permitted, and at what facilities?

ANSWER: Both the Congressional Budget Office and the Office of Technology Assessment have recently completed studies that contain data which show that the larger airports, could probably generate local funding with no great difficulty to replace the airport grants they receive. This is based on the general assumption that Congress would abolish the ban on head taxes to allow replacement of grant funds if they were to end the eligibility of these airports for airport grants.

The Department has no plans at this time to submit legislation to defederalize airports. The current authorizing legislation expires at the end of FY 1987. As we develop the legislative proposal for the post 1987 timeframe, we will be considering the issue of defederalization, but we have made no firm decision at this time.

FLIGHT SERVICE STATIONS

SENATOR ANDREWS: The budget requests no funds for the modernization of flight service stations pending a study of private weather services to assess their potential role in pilot briefing. When will this study be completed? How will the Department differentiate between pilots likely to have access to such information, and those in smaller, more remote communities who are not?

ANSWER: The study of the relationship between private weather services and the flight service stations is planned to be completed in mid-May.

The study will consider the needs of all pilots. The issue of access will be an important consideration in determining the appropriate delivery system for flight services.

SENATOR ANDREWS: Does this study jeopardize the commissioning of automated flight service stations, most of which have been selected by the FAA? Will FAA proceed with those consolidation actions which were approved by the Committee on January 30, 1985? If not, what adjustments will be made?

ANSWER: There appears to be sufficient carryover funds available to commission all the planned automated flight service

stations through 1986. We are proceeding to automate and consolidate stations as approved by the Committee.

SENATOR ANDREWS: Almost 3/4 of the modernization effort funding has been provided by Congress. Will this study of the Federal role take this fact into consideration, or are you intending to "start from scratch?"

ANSWER: The study will consider all factors in determining the appropriate delivery system for flight services including the equipment already developed and the planned consolidation.

TERMINATION OF AIR CARRIER SUBSIDIES

SENATOR ANDREWS: The Executive Branch supported the establishment of small community Essential Air Service subsidies at the time of the 1978 Airline Deregulation Act. This 10-year program was intended to cushion the blow to such communities from carriers exiting these smaller markets. As a supporter of deregulation, you have recognized this program as an important component of the 1978 Act. Why are you now proposing elimination?

ANSWER: Continuing to provide subsidies fosters the regulatory relationship built-up between the Government and the airlines for years. Termination of the EAS subsidy will end this anachronism to a mature, deregulated airline industry. Essential Air Service (EAS) was created by Congress to help communities adjust to airline deregulation. It was a 10-year program beginning in 1978 and scheduled to expire in 1988. Our budget moves up termination of the program by three years.

The EAS program has fulfilled its purpose. Nearly half the cities who receive subsidy under the program are located within 100 miles of a major hub airport. Now, seven years after airline deregulation, the airlines and consumers have adjusted to deregulation. In 1984, airlines earned their highest industry profits since deregulation. As air carriers have adjusted route structures to efficiently use larger aircraft, affected communities have often been served by expanded new commuter-class air service without reliance on the EAS program.

SENATOR ANDREWS: What studies has the Department conducted on the economic dislocation effects of termination in each of the 147 communities currently receiving a subsidy? How far would residents of communities losing service have to travel to reach an alternate airport?

ANSWER: Based on the extremely low level of demand for air transportation at most of the 147 communities receiving subsidized air service, we do not believe that there will be a major impact on the economies of most of the communities as a result of termination of the program.

Of the 106 communities receiving subsidy in the lower 48 states, almost half are enplaning 5 or fewer passengers per day. Another fourth are enplaning between 6 and 10 passengers per day. Given these levels of demand, the elimination of air service at the local airports should not significantly impact the economies of those communities. At the larger communities — about 20 percent enplane between 11 and 20 and the remaining enplane over 20 per day — it is not clear whether they would continue to receive air service. We expect that

some of the largest points would continue to receive service, although perhaps with smaller aircraft or lower frequencies. Here too, however, we do not expect that the economic impact would be major. The communities, on the other hand, have contended that the presence of air service is beneficial to the business climate and ability to attract industry, although there is no way to measure this factor.

Regarding the points receiving subsidy in Alaska, we believe that nearly all the points will have their air service needs met, either by the carrier currently operating at them or by replacement carriers operating smaller aircraft. At some of these communities, the service would be provided by air taxi operators rather than scheduled commuter carriers, but that service would be sufficient and appropriate for the nature and level of the demand. For those few points which would not receive on-demand air taxi service, we believe the State of Alaska can provide funding. Since we believe that each community would continue to receive some form of air service, we do not believe that there would be a significant economic impact at the subsidized communities in Alaska.

As for the distances to alternative air service, in the lower 48 states, over half of the communities are less than 75 miles from alternative air service, another 40 percent are within 76 and 150 miles from alternative air service, and only 3 communities are more than 150 miles from alternative air service. These distances are measured to the nearest community receiving scheduled air service, regardless of the level of service at that airport. If measured in terms of distance to the nearest hub, approximately one-third of the communities fall within each category.

The communities in Alaska that are being subsidized are generally isolated, and depend heavily on air transportation.

SENATOR ANDREWS: In lieu of elimination, what proposals for local cost-sharing have been examined, as well as Mississippi's proposed "use or lose" approach (discussed at the subcommittee's Jackson field hearing last year)?

ANSWER: DOT is generally supportive of the cost-sharing concept for transportation programs in which there is both a federal and a state/local interest. However, past reviews by CAB of the feasibility of a sharing of EAS costs between the federal government and state/local governments identified a number of legal and financial constraints at the state and local level that would have to be overcome if the EAS program were to be restructured around a cost-sharing requirement. A more important consideration from the Administration's perspective is the belief that federal government subsidies for air service are inappropriate, except as a transition measure, and should be eliminated, especially at a time when the need to reduce federal deficits is so great.

With respect to "use or lose" approaches, such as the one being conducted in Mississippi, there presently are three states where such tests are in process. In Mississippi, "use or lose" tests are underway at Greenwood and at University/Oxford. We also have begun similar tests at London/Corbin, Tennessee, and at Danville, Virginia. It is important to understand that all of these cities, historically, have been very low traffic-generating points. The communities' position has been that if their air service were subsidized at a higher level than the minimum service

guaranteed by the essential air service program, traffic would be stimulated by the additional flights and, as a result, they would eventually become self-sufficient. Unfortunately, the results thus far have been very disappointing. Although all of the experiments have a few more months to run, none of them are meeting the traffic standards to which they agreed prior to the start of the tests. Unless there is a dramatic increase in traffic in the next few months, all four cities are in danger of losing their air service.

SENATOR ANDREWS: One of OMB's justifications for program termination is the overpayment of fuel costs. To me this suggests deficient oversight by the CAB. What is the DOT doing to avoid such overpayments in the future?

ANSWER: During the early years of the Section 419 Essential Air Service program--when fuel prices were volatile and rising sharply--fuel-cost adjustments were an integral part of most subsidy rates in carrier-selection cases. The adjustment mechanism called for sharing (85% government, 15% carriers) of differences between actual fuel costs and the fuel costs estimated in developing the rates. In cases where fuel costs in rates were overestimated, overpayments have either been recaptured or are in the process of being collected.

In the fall of 1982 after fuel costs had become more stable the CAB discontinued fuel-cost adjustments in establishing prospective rates.

AIRLINE FARES

SENATOR ANDREWS: Supporters of deregulation cite lower fares as one of the chief benefits of deregulation. One reason fares are down is that the airlines are offering discounts. However, American Airlines' new discount fares place severe restrictions on the use of discounts. (Advance purchase requirements, certain routes, and cancellation fee). Doesn't this mean that the benefits of deregulation are going to be harder to obtain and will only be attained by passengers in selected markets?

ANSWER: Lower average air fares have been one of the major benefits of deregulation. Of course, one reason for lower average fares has been the increased availability of discount fares. In a deregulated market, discount fares have been, and will continue to be, a major marketing tool. In fact, the percentage of passengers traveling on discount fares has increased in recent years. With their new pricing freedom, airlines have offered and continue to offer a wide variety of fares in response to changing market and competitive conditions.

American Airlines' new discount fares -- which have been matched by several other air carriers -- reflect one aspect of this response. Discount fares are meant to widen the market for air travel by targeting those sectors of the traveling public that are price sensitive. However, analyzing discount fares in isolation from other factors does not provide the proper perspective for assessing the overall benefits of deregulation in lowering average air fares. Of much greater importance is the fundamental change in airline industry operations brought about by airline deregulation. For example, deregulation has compelled all air carriers to be much more efficient. Now, air carriers must continually reevaluate their route structures and service offerings to increase employee productivity

and to make better use of their assets. There has also been a fundamental restructuring of air fares to emphasize pricing policies based on marketplace realities. For example, air fare differentials between markets are much more likely to be related to cost differentials than they were in the pre-deregulation era. In short, air travelers are receiving generally better service at lower average fares than they would be under a tight regulatory regime.

SENATOR ANDREWS: Have the major carriers passed on cost savings to all passengers or have they only reduced fares in markets where they face competition from the new, low-cost airlines?

ANSWER: In the highly competitive post-deregulation era, all air carriers must set their fares in response to changing market conditions, including the degree of competition they face on a particular route. New, low-cost air carriers have indeed forced established carriers to cut their fares (and costs) in order to remain competitive. In other instances, established carriers have introduced discount fares in an effort to stimulate the demand for air travel among price-sensitive travelers or to respond to the pricing actions of another established carrier. In short, competition in the airline industry is pervasive, and we know of no evidence to indicate that the major air carriers are introducing reduced fares only in those markets where they compete with new entrants.

SENATOR ANDREWS: How many passengers traveled at full coach fare last year and how many received discount? Does the introduction of these very restricted fares mean fewer people will be able to fly at a discount in the future?

ANSWER: The use of discount fares seems to be as prevalent as ever. The Air Transport Association of America estimates that 85 percent of major carriers' fares were discounted in 1984 compared to 78 percent in 1983; and that the average percentage discount off the full fare was 53 percent in 1984 compared to 47 percent in 1983. We see little evidence to support the claim that very restrictive fares in selective markets will mitigate the overall use of discount pricing by the airline industry.

INTERLINING

SENATOR ANDREWS: Will the Department undertake a proceeding on interlining practices in the aviation industry? What evidence is there that major carriers are terminating interlining agreements for competitive purposes? If this is becoming a trend, what is the likely impact for air travellers, particularly those connecting from regional carriers at medium and large hubs?

ANSWER: I have directed my staff to conduct a thorough study of current interlining practices, including competitive and consumer-related issues. Also, Republic Airlines has requested initiation of a formal proceeding on industry interlining practices. The Department is now reviewing Republic's request. Further, the staff is presently reviewing a pre-sunset decision by the CAB's Enforcement Division that rejected a charge by Continental Airlines that the revocation of an interline agreement was an unfair competitive practice.

INTERSTATE COST ESTIMATE (ICE)

SENATOR ANDREWS: The non-approval of the Interstate Cost Estimate (ICE) has severely affected a number of States. For my home State of North Dakota the inaction on ICE has held up approximately \$26 million of the remaining Fiscal Year 1985 and Fiscal Year 1986 construction funds. To this end I was happy to co-sponsor with Senator Chiles the "Interstate Cost Estimate Act of 1985," S. 299. That bill included an automatic trigger provision allowing the Secretary to make apportionments on October 1 of each year if Congress has not approved a cost estimate. Why doesn't the Department's proposed legislation ("The Emergency Cost Estimates Approval Act") contain such a provision?

ANSWER: We support the Automatic Trigger Provision in S. 299. It would ensure that critical interstate construction and interstate transfer funds are not held up by failure to pass legislation to authorize their apportionment. However, we did not include such a provision in our Emergency Cost Estimates Approval Act because of the importance of quick approval of a bill to release more than \$7 billion in highway and transit funds. We did not include any program changes in our bill and we asked Congress not to include program changes in bills it considered. We will submit a comprehensive proposal for a post-1986 program and believe that will provide the appropriate forum for proposed program changes.

SENATOR ANDREWS: Are you satisfied that the Department has done all it can to free the log jam on these funds?

ANSWER: Yes, I submitted emergency legislation on January 14, and urged speedy Congressional action. I sent copies of our legislative proposal to Governors of all the States and advised them of the urgency of the situation. Also, I invited Washington-based representatives of 120 groups with an interest in this issue to a briefing on the status of the interstate construction and interstate transfer programs and of our efforts to release these funds. I am hopeful that Congress will recognize the need for quick action and present a "clean" bill, approving the estimates to the President for his signature in the very near future.

DEREGULATE THE TRUCKING INDUSTRY

SENATOR ANDREWS: The President in his State of the Union address said that he would ... "support further deregulation of the trucking industry." Madam Secretary could you tell us what form this support will take? Is your Department presently working on legislation to further deregulate the motor carrier industry?

ANSWER: This Administration has supported further trucking deregulation all along, for example by filing comments in Interstate Commerce Commission proceedings, in testimony before the Motor Carrier Rate-making Study Commission, and in annual testimony for Congressional oversight hearings on the Motor Carrier Act of 1980. As I have been saying for almost two years, the trucking industry should be further deregulated when the time is right.

SENATOR ANDREWS: Are you working on legislation to further deregulate the railroad industry? Is the Department working on plans to take over any of the functions presently being conducted by the Interstate Commerce Commission?

ANSWER: No we are not working on legislation to further deregulate the railroad industry. We believe the Staggers Act reforms are working very well, and that the relatively few areas of disagreement between shippers and the railroads can, and will, be handled between the parties themselves, perhaps acting within the administrative process at the Interstate Commerce Commission. We do not believe any additional rail legislation is either necessary or desirable at this time. We have no plans to take over any of the rail functions presently being conducted by the Commission.

SENATOR ANDREWS: Has your Department estimated the cost savings to the federal government attributable to the deregulation of the motor carrier industry?

ANSWER: The Congressional Budget Office estimated in 1980 that the savings to shippers and carriers from trucking deregulation would be \$5.3 to \$8 billion each year. From all the anecdotal and other evidence we have seen so far, we believe the savings to shippers has been substantial, perhaps thirty percent or more on shipments in full truckload lots. However, we are unable to make estimates of the total cost savings on small shipments in "less-than-truckload" lots, because we do not have access to the necessary data. Different competitors may offer their own lower rates, as well as the "bureau rates" set by collective action under antitrust immunity; and we have no way of knowing what freight is being moved by which trucking firms at what rates. These data are collected by the regulated trucking industry, but they have so far not made them available to the government. In addition, carriers have benefited substantially from the enhanced operational flexibility provided by regulatory reform, which has allowed them to achieve significant cost savings.

LOCAL RAIL SERVICE ASSISTANCE

SENATOR ANDREWS: Last year before this Committee, you stated the best way to assist those states that participate in the Local Rail Service Assistance program would be through technical assistance not financial assistance. Could you please tell us what the new technical assistance task force within the Federal Railroad Administration (FRA) is doing? What types of assistance have they provided and to which states?

ANSWER: FRA's assistance has been going through a period of transition. With Local Rail Service Assistance (LRSA) and Title V financial assistance programs still in place, meritorious projects and projects of state importance continue to progress through the LRSA mechanisms in state DOT's and through the Title V application process. Although the Community and Shipper Assistance Staff (Technical Assistance Task Force) has participated in some of these projects, its efforts have concentrated in other areas. The Staff has been defining the areas where assistance will be needed when Federal financial assistance is eliminated and developing the information necessary to provide this assistance. The Staff has undertaken several diverse projects, specifically reviewing energy related transportation issues in northwestern New Mexico and

providing advice to promoters of shortline operations in South Carolina, California and Oregon. The Staff has also received several inquiries on the availability of assistance from shippers and communities on referral from or through their Congressional representatives. Most of these inquiries have been last attempts to forestall abandonment of rail lines with little or no future and the Staff assistance has been limited to explaining this and the abandonment process.

SENATOR ANDREWS: Under the budget proposal there is no request made for any of the assistance programs -- The Section 803, Local Rail Service Assistance Program; the Section 505, redeemable preference share program or the Section 511, loan guarantee program. Is technical assistance all that you offer dependent shippers and local communities facing possible rail abandonment?

ANSWER: The Department of Transportation is very concerned about helping shippers and local communities confronted with rail abandonments. Our experience with the financial assistance programs you mentioned is that the key to ensuring continued rail service is the financial commitment of the shippers and the local communities. Therefore, I believe the appropriate federal role is to provide shippers and local communities with technical assistance regarding the development of private-sector financing packages and service alternatives. The FY 1986 budget request provides sufficient staffing for provision of this technical assistance.

SENATOR ANDREWS: Last year, you testified that the Local Rail Service Program was flawed because so much (two-thirds) went out by formula and a lesser amount (one-third) was discretionary. This committee, in an effort to be responsive reversed the ratio so that two-thirds of the funds could be disbursed at your discretion, and therefore, better targeted. Are you now telling us that that effort wasn't the answer and total elimination is? Why is total elimination the answer? What is the federal responsibility toward a small community that has sunk its last dime on a co-op grain elevator on a line now scheduled for abandonment?

ANSWER: In light of the need to reduce the Federal deficit, we cannot afford to continue funding for a program, such as the LRSA Program. Rather, tax dollars are better allocated to providing technical assistance to help small communities and shippers analyze rail service options and identify private-sector solutions.

In appropriating \$10 million for discretionary allocation under the Local Rail Service Assistance Program, Congress responded to our concern regarding the formula provisions of the program. However, as the Federal Railroad Administrator indicated last year, the statutory criteria which must be considered in disbursing discretionary funds do not fully ensure that LRSA funding will be allocated where it is most needed and most effectively implemented. Two of the five criteria are keyed to lines threatened with abandonment and reported on the System Diagram Maps submitted to the Interstate Commerce Commission. Since several railroads do not report mileage potentially subject to abandonment, these criteria do not fully reflect state need. The statutory criteria also do not include important considerations such as the amount of non-federal financial participation in a project and the extent to which funding of a project will enhance the state's ability to establish its own continuing rail freight assistance program.

SENATOR ANDREWS: Do you believe that the \$15 million is too costly a "safety-net" for the small rural communities located on rail branch lines?

ANSWER: Because of the inflexibility of the Local Rail Service Assistance Program, a \$15 million appropriation would accommodate funding of only a few meaningful projects. In FY 1985, for example, 38 states are entitled to \$100,000 or less of the \$5 million appropriated for entitlement allocation. Most of the states are using these funds for planning purposes. While discretionary funding enables the Department of Transportation to implement some significant projects, the limitations of the discretionary criteria do not give us the ability to leverage the funding of projects benefiting many communities.

COAST GUARD USER FEES

SENATOR ANDREWS: The budget anticipates the collection of \$236 million in collections for Coast Guard services to commercial and recreational boaters. What specific fees will be levied? Will the proposal include fees for safety inspections? How realistic is the estimate of user fee increase from \$3 million this fiscal year to \$236 million and \$476 million next year?

ANSWER: Final details of the Administration's legislative proposal are being worked out. It would authorize the establishment of fees along the lines recommended by the Grace Commission. The actual fee structure would be established through the rulemaking procedure following enactment of the authorizing legislation. This would include formal notice of rulemaking, public hearings and review of public and industry comments. The estimate of annual revenue obtainable through increases in the present level of Coast Guard user fees is realistic, in terms of the data we have and the assumption that Congress will support a balanced and comprehensive user fee package. The estimate for FY 1986 is further based on the assumption that we will submit, and Congress will review and act upon, the proposal in a timely fashion.

SENATOR ANDREWS: What studies has the Department conducted on:

-- the relationship between the number and type of taxable vessels and Coast Guard operations?

ANSWER: Analyses have been made, dividing vessels by number and type into several major classes, with identification of the services Coast Guard provides each user class. All Coast Guard programs were examined for user fee application. Those which benefit specific users rather than the general public have been incorporated into the proposal currently under review. On this basis missions such as law enforcement and military readiness were not included.

-- the cost to establish the program, collect fees and enforce this initiative?

ANSWER: Some preliminary analysis has been done, and work continues to establish more definitively the necessary collection, audit and enforcement procedures.

-- the economic impact to commercial boaters, and, ultimately, consumers?

ANSWER: The Department has underway a study of this issue with participation from the Maritime Administration, Coast Guard and Corps of Engineers. The intent is to make a fair and reasonable assessment based on the cost of services provided. It should be noted that the general public already pays for these services through taxation. At issue is the fairness of the present method of funding, with the ultimate aim of shifting the costs of services to those who primarily benefit from them.

-- the safety impact if boaters do not pay for inspections:

ANSWER: There would be no safety impact. Recreational boater safety inspections are discretionary. The user fee proposals now under review would make no charge for such inspections.

COAST GUARD CONTRACTING OUT

SENATOR ANDREWS: The budget assumes \$3.8 million in savings by contracting out Coast Guard support activities. Which activities have been contracted out to-date? What savings will be realized this fiscal year?

ANSWER: To date, no activities have been contracted out, although a wide range and number of preliminary studies are on-going. Our best estimate of the FY 1985 savings is \$2.9 million.

SENATOR ANDREWS: What percentage of navigational aids will be maintained by contract service? Will any of these be aids critical to DOD installations?

ANSWER: Coast Guard plans to contract out, on a pilot basis, maintenance of approximately 3% of its current inventory of aids. This is in addition to a somewhat smaller percentage of aids which historically have been maintained by contractors. None of these aids are or will be critical to DOD installations.

SENATOR ANDREWS: When will implementing legislation be proposed?

ANSWER: No new legislation is required to implement the program.

55 MPH

SENATOR ANDREWS: Now that the Transportation Research Board (TRB) of the National Academy of Sciences (NAS) has completed its study of the benefits and costs of the national maximum speed limit, is the Department preparing a follow up to the study?

ANSWER: Yes, we are. We have set in motion an intensive effort to review the NAS study findings and recommendations to develop appropriate options. We are examining the pros and cons, as well as the benefits and costs, of each potential alternative.

SENATOR ANDREWS: Will your Department propose or be willing to support some of the recently-introduced legislation which raises the 55 MPH speed limit to 65 MPH?

ANSWER: The Department has not yet reached a decision on this question. The study by NAS confirms that the 55 MPH speed

limit has been one of the most effective highway safety measures ever implemented. The Academy also concluded that a return to the 65 MPH speed limit on rural interstate highway could result in about 500 more fatalities each year and a reduction in fuel savings of approximately 17 percent. These findings are being carefully reviewed and will be used with other information to formulate DOT's future policy position on the 55 MPH speed limit. The NAS study also identifies certain traffic research requirements which will be examined closely.

SENATOR ANDREWS: The TRB Report recommended that changes should be made in the criteria by which the Federal Government monitors compliance--e.g., using a point system that attaches more significance to high-speed violations than to violations just above the speed limit. Is the Department doing anything along those lines? If not, why not?

ANSWER: The point system recommended by the TRB report appears to have considerable merit. We are now examining the costs and regulatory changes necessary to implement this new compliance monitoring concept. However, it appears the basic 55 MPH statutes would require amendment before such a point system could be imposed.

SENATOR ANDREWS: Do you believe that safety could be enhanced by permitting relaxation of the 55 MPH speed limit if other effective safety policies are enacted to replace it? For example, is the Federal Government willing to trade the speed limit for mandatory seat belt laws, or other safety measures, as suggested by NAS?

ANSWER: The Department is also examining this option. As a general policy we are reluctant to trade off proven safety countermeasures against one another. In addition, we are concerned that there is no way to assure in advance that highway safety would be improved in a State using this approach. We note that TRB considered this option in detail but concluded it was impractical and impossible to administer.

MASS TRANSIT

SENATOR ANDREWS: Madam Secretary, the mass transit budget proposes the elimination of discretionary grants and of general fund support of formula grants, effectively a 70% cut in Federal assistance to mass transit. Has the Department done an analysis of the effects of such a dramatic and sudden withdrawal of Federal support?

ANSWER: On the subject of the effects of withdrawal of Federal support, DOT has made analyses, conducted surveys and sponsored research, as well as using other available data. Examples of analyses and surveys are:

- UMTA Section 15 operating and financial data - published annually;
- a survey of a sample of 46 transit systems by UMTA in 1983 on the impact of eliminating operating assistance;
- a survey by the University of California - Berkeley under UMTA sponsorship in 1981 on the likely effects of the elimination of Federal operating subsidies; responses were obtained from 99 transit systems nationwide;

- ° a study of transit operating deficits by Don Pickrell of Harvard University in 1983, funded by UMTA; and
- ° the 1980 U. S. Census Travel-to-Work Survey in which UMTA assisted in the design of the survey questionnaire.

The findings of these analyses and surveys suggest that the impact of the proposed budget cuts on transit service will, in the final analysis, depend on decisions made by State and local governments and transit operators as they also accommodate to local needs. Our analyses have indicated the following:

- Service levels - in total. Federal subsidies represent only 10% of operating costs, so at worst only a 10% cut in service would be required (for individual urban areas this ranges from 6% to over 40%). Many areas operate unproductive service that ought to be cut back or turned over to private operators. The areas that have used Federal subsidies to fund large percentages (up to 40%) of their operating costs, are generally small cities with small operating budgets that could be covered by State and local subsidy.
- Fares - overall, transit users pay about 38% of operating costs. Our best estimate is that fares wouldn't have to increase more than 5% with a mix of cost savings and increased State and local support.
- Ridership - selectively reducing service and increasing fare revenues could be implemented without appreciable loss in ridership. One out of 17 workers regularly uses transit to get to work, transit carries 3% of total urban travel, and most transit users have middle or upper incomes (only 1 in 7 residents of low income households ever uses transit for any purpose).
- Capital maintenance - the Federal \$1.1 billion in capital assistance assists in meeting capital replacement and expansion needs -- localities should share in investment costs, carry the cost of operating the system, and give transit sufficient priority in State and local budgets.

SENATOR ANDREWS: Recently, the Administrator of the Urban Mass Transportation Administration (UMTA) said that he is refusing to sign any more new start grants that come across his desk in an effort to stop Congress from spending money. I read this as impoundment of appropriated funds Madam Secretary, don't you?

ANSWER: In accordance with our new start policy as stated in the President's Budget, we will be honoring our commitments under full funding contracts and considering a few worthy projects that can be completed within existing funding. All of these projects being considered have been earmarked by Congress. For those projects that cannot or should not be funded, we will propose reprogramming to apply the fund to projects that can and should be funded.

When we have finalized our decisions on those projects which are to receive the remaining new starts funding, we will certainly submit a reprogramming request to the House and Senate Appropriations Committees.

SENATOR ANDREWS: Are you planning to send up any rescission or deferral notice on already appropriated UMTA funds? If so, what will they cover?

ANSWER: On February 6, 1985 the President sent a message to the Congress that contained:

- a rescission of \$265,000 of FY 1985 funds, pursuant to Section 2901 of the Deficit Reduction Act of 1984;

- a deferral of \$24,597,000 of unobligated balances carried over from FY 1984 for Research, Training and Human Resources, to be used for this account in FY 1986 in lieu of new budget authority; and

- a deferral of \$609,000 of Research, Training and Human Resources funding to transfer these funds to the UMTA Administrative Expenses account to fund the January 1985 civilian pay raise.

SENATOR ANDREWS: Are you planning to send a reprogramming request for UMTA funds? If so, what funds will the reprogramming request cover? When can we expect these reprogramming requests?

ANSWER: When we have finalized our decisions on those projects which are to receive the remaining new starts funding, we will certainly submit a reprogramming request to the House and Senate Appropriations Committees.

SENATOR ANDREWS: The UMTA proposal requires legislation. When will that legislation come up to the Hill? We understand the Department is considering a single-year bill. If so, what does this suggest about future transit legislation and the budget assumptions?

ANSWER: Shortly a one-year transit bill will be sent to the Hill to implement the FY 1986 budget proposals. It will authorize funding of the Section 9A Formula Capital Grants program from the revenue to the Mass Transit Account of the Highway Trust Fund. The bill will not provide funding for operating assistance or discretionary grants.

The Department is also developing a multi-year bill to provide authorizations for the transit program beyond FY 1986; it will be submitted later in the spring.

SENATOR ANDREWS: A number of the smaller, more rural States have a minimal relationship with the mass transit administration but do rely on the elderly and handicapped grants for helping them provide service to those least able to afford it. Is there anything left in place to continue these types of operations?

ANSWER: The UMTA budget request proposes that the Formula Capital Grant program set aside \$35 million for 16(b)(2) elderly and handicapped grants.

SENATOR ANDREWS: Last year, this Committee, after the benefit of a field hearing, encouraged the Department to concentrate more time, attention and grant funds in the area of "safety and security," and in the Senate report directed UMTA to allocate \$15 million of the Section 6 funds for this activity. Can you tell us how successful UMTA has been to date on meeting the \$15 million safety level?

ANSWER: The report language on page 60 of the Senate Appropriations Report directed UMTA to "work toward allocating \$15 million" in the safety and security area in FY 1985. UMTA is working towards increasing the funding in this area in FY 1985 as specified, but it will not be able to reach the goal of \$15 million solely through the Section 6 research program.

UMTA is increasing its emphasis on increasing safety and security for transit through its research and demonstrations

projects and its grant making activities. UMTA has begun a voluntary accident reporting system for grantees that can be used as a benchmark of individual grantees progress in improving their safety and security. This information would also highlight those grantees that are having significant problems and need UMTA technical assistance. To count only the \$4 million that is planned for Section 6 safety and security programs would underestimate our work in this area. Through UMTA's grants management functions, UMTA staff provides ongoing oversight and resources to help grantees identify and solve safety problems. For example, UMTA staff is working with New York transit officials to identify the cause and the appropriate solution to the recent subway fires. When the best solution is identified, UMTA funds will be available to correct the problem.

CONTRACT TOWER PROGRAM

SENATOR ANDREWS: When will the decision be made by the Office of the Secretary on the 45 contract air traffic control towers? Why has implementation been delayed? Which towers will be contracted out in FY 1985? What plans are there for more contract towers beyond this fiscal year?

ANSWER: We are progressing with the contract tower program toward contracting the 45 towers requested in the 1984 and 1985 budgets. We are requesting 10 additional contract towers in the 1986 budget for a total of 55. Currently, there are 12 towers under contract, all of which were towers temporarily closed after the air traffic controllers strike. In 1985, we will be working toward the goal of putting 33 additional towers under contract. Approximately eight will be temporarily closed towers and the remainder will be currently operated Level I VFR towers which will be shifted to contract operation.

JAPAN-UNITED STATES BILATERAL

SENATOR ANDREWS: What procedure will be followed this year to resolve the outstanding air service issues between Japan and the United States? When will a decision be reached regarding cargo service to the United States by an additional Japanese carrier?

ANSWER: Since March of last year, three rounds of civil aviation talks have taken place between the United States and Japan. Four more rounds are tentatively scheduled for this year. The goal of this current series is to conclude an agreement by September that resolves the outstanding issues. During the most recent discussions, which took place in Tokyo from February 25 to March 3, progress was made toward reaching a provisional agreement that would remove many restrictions on United States-Japan air services. The provisional agreement would expand opportunities for additional services by both U.S. and Japanese airlines. Under this agreement, Nippon Cargo Airlines would be permitted to begin services. Since the negotiations are in progress, it would be extremely difficult to predict when or if such an agreement will be reached.

DOT EMPLOYMENT

SENATOR ANDREWS: Civilian full-time equivalent employment increased +453 in Fiscal Year 1985. This almost 1% increase is followed by a 2% decrease in Fiscal Year 1986 employment. How much of this year's increase is associated with Civil Aeronautics Board (CAB) transfer? Why does not the Department "freeze" employment at the actual level for last fiscal year? What positions in the Department will be eliminated to achieve the Fiscal Year 1986 and 1987 reductions of 1,109 and 2,226 respectively?

ANSWER: The transfer of Civil Aeronautics Board functions to four elements of the Department accounts for 229 of the 453 net increase in 1985 full-time equivalent employment. To the extent possible, we do make an attempt to avoid peaks and valleys in our employment, but in many cases the budgeted increases and decreases are totally unrelated. For example, within the net increase of 224 in 1985 unrelated to CAB, was a loss of 515 due to transfer of the Alaska Railroad for part of the year and a gain of about the same amount in FAA, largely due to acceleration of recruiting necessary to make up the 1984 controller workforce shortfall by February, 1985. In virtually all other cases, the difference between 1985 and 1984 employment is a result of employment slippages in 1984 rather than new recruiting in 1985. Budgeted 1984 positions filled late in that year will cause an increase in average 1985 employment (FTE) because the employees will be on board 12 full months this year.

More than half the FY 1986 saving of 1,109 average (FTE) employment will not require elimination of any more positions, but will result from annualization of part year savings in 1985 (e.g., 160 for the 1/4 year the Alaska Railroad was included in 1985 and about 450 associated with jobs expected to be contracted out -- primarily by FAA and USCG -- for part of FY 1985). The remaining saving of about 500 average employment (FTE) will come from elimination of about 1,000 positions during FY 1986 at varying times throughout the year. The major reductions in positions will be:

FHWA, NHTSA, and MARAD management savings	- 100
FAA contracting out (including towers and FSS)	- 400
UMTA reduction related to program reductions	- 179
USCG adjustments related to current and prior contracting out programs	- 213
OST/OIG/RSPA Elimination of Essential Air Services Program	- 81

The FY 1987 projected reduction of 2,226 is an overall Administration goal and we have not yet addressed its allocation. However, of this total cut in average employment, about 500 will follow automatically from the above 1986 part year position reductions, and 1,500 has been set as a goal for functions, yet to be identified, to be contracted to the private sector.

GRACE COMMISSION

SENATOR ANDREWS: Which of the original Grace Commission recommendations have been implemented? What savings have resulted? Which are included in the Fiscal Year 1986 budget proposal? What implementing legislation is necessary for these?

ANSWER: [The information follows]

GRACE COMMISSION

Following is a list of the Grace Commission recommendation areas, showing whether they have been implemented, are reflected in the 1986 budget (and if so, whether implementing legislation is needed), and total estimated savings. (Since most recommendations include several sub-elements, status may be shown in more than one category simultaneously).

Recommendation Area	Implemented or Underway	In 1986 Budget		(\$ millions) Total 3-year Savings Estimate (Not Specific as to Fiscal Year
		Implementing Legislation Needed	No Legislation Needed	
TRANS-01: Modify Departmental R&D policy and goal-setting practices and the R&D organizational structure in the Office of the Secretary.	x		x	61.0
TRANS-02: Improve cash management practices, including early payment, checks-paid method, collection of excess cash, and delay-of-drawdown program.				---
TRANS-03: UMTA and DOT should design, develop, install and maintain a new computerized grant management and control system.	x			1.3

Recommendation Area	Implemented or Underway	In 1986 Budget		(\$ millions) Total 3-year Savings Estimate (Not Specific as to Fiscal Year
		Implementing Legislation Needed	No Legislation Needed	
TRANS-04: Reduce regional offices from 10 to six and reduce administrative support costs.	x	x		1.0
TRANS-05: Consolidate ADP functions in similar organizations and establish structured procedures for DOT ADP development.	x		x	4.3
TRANS-06: Consolidate Federal Highway Program categories and increase state fund flexibility.	x			---
TRANS-07: Simplify FHWA environmental regulatory requirement.				---
TRANS-08: Combine FHWA and UMTA.				---
TRANS-09: Modify UMTA grantees requirement review procedures.	x			---
TRANS-10: Consolidate FRA safety and R&D functions and collect user fees.	x		x	15.0

Recommendation Area	Implemented or Underway	In 1986 Budget		(\$ millions) Total 3-year Savings Estimate (Not Specific as to Fiscal Year
		Implementing Legislation Needed	No Legislation Needed	
TRANS-11: Reorganize land safety functions.	x	x		---
TRANS-12: Redefine FHWA/State roles in highway real estate functions and streamline Federal resources accordingly.	x		x	1.4
TRANS-13: Centralize within DOT the responsibility for all public Federal land roads and fund through Highway Trust Fund.	x			---
TRANS-14: Cancel the Uniform Fire Quality Grading System				---
TRANS-15: Consolidate FAA regional centers and Air Traffic Control Centers				---
TRANS-16: Close low-volume control towers, defederalize operation of towers, and reduce operating hours of selected towers.				---

Recommendation Area	Implemented or Underway	In 1986 Budget		(\$ millions) Total 3-year Savings Estimate (Not Specific as to Fiscal Year)
		Implementing Legislation Needed	No Legislation Needed	
TRANS-17: Establish fee policy for MHAs that is consistent with other major metropolitan airports.				---
TRANS-18: Develop plan for and consolidate Flight Service Stations.				---
TRANS-19: Institute CG user fees and shift responsibility of selected CG functions to the private sector.	x	x		1,188.0
TRANS-20: Eliminate operating differential subsidy payments for non-competitive preference cargo and develop fair and reasonable rate guidelines.	x		x	60.0
TRANS-21: Modify ship financing loan guarantees and financial terms and increase guarantee fees.	x	x		39.0
TRANS-22: Reduce Federal funding for marine-related education.	x		x	1.2 1,372.2

BUREAU OF MOTOR CARRIER SAFETY (BMCS)

SENATOR ANDREWS: The Budget proposes for later transmittal the transfer of the Bureau of Motor Carrier Safety and attendant programs out of Federal Highway Administration into the National Highway Traffic Safety Administration. To what extent will this year's transmittal be similar to S. 2173, the Administration's proposal last year for establishment of a National Traffic Safety Administration. What will be different? When will we see the Administration's proposal?

ANSWER: Draft legislation to effect the transfer is still undergoing evaluation within the Department.

NOTE: Testimony at a subsequent legislative hearing disclosed that the Department would not in the "near future" propose specific legislation to accomplish the Motor Carrier Safety transfers from FHWA to NHTSA but would instead proceed with an administrative reorganization to strengthen the Bureau within FHWA.

SENATOR ANDREWS: In testifying on the Administration's proposed S. 2173, in the 98th Congress, you stated that the purpose of the consolidation was primarily to improve delivery of the safety programs rather than achieve savings. Is that still the rationale for proposing the transfers?

ANSWER: The rationale for the transfers is, as last year, primarily to improve our delivery of the safety programs.

SENATOR ANDREWS: Can or will the transfers be effected through administrative changes or is legislation necessary for you to accomplish your goal?

ANSWER: Legislation is needed for the transfers.

SEAT-BELT

SENATOR ANDREWS: Have you let a Request for Proposal (RFP) for a program manager? How far will the \$900,000 go in covering the program manager contract, i.e., ultimately what will be the total costs for a program manager?

ANSWER: Yes, the RFP was issued on February 26, 1985. The \$900,000 is approximately half of the total cost estimated to be nearly \$2 million.

MASS TRANSIT

SENATOR ANDREWS: The budget proposes UMTA personnel levels being reduced by 25% in one year (from FY 1985 to FY 1986). How will UMTA achieve these reductions? What offices will be affected? What percent of these cuts will occur in the regions? What percent in headquarters?

ANSWER: The FY 1986 staffing request represents a transition step toward a substantially reduced organizational structure without field offices. UMTA has not yet determined what specific cuts will occur in headquarters and the field offices in FY 1986.

With the emphasis and direction pointed to the formula capital grant program, the workload of the UMTA staff will be reduced primarily in the area of pre-award activities. Under

this program, grantees submit an annual application which includes standard assurances and self-certifications in the areas of public hearings, legal and financial capabilities, competitive procurement processes, etc. These self-certifications and assurances reduce the paperwork and time required for staff review of individual grant applications. Since there is only a single annual application process, the workload of UMTA's project managers will be lessened by virtue of a significantly reduced number of applications. The UMTA staff, however, will continue to perform post-grant activities such as the triennial reviews, and the Attachment P audit reviews.

FAA MORALE

SENATOR ANDREWS: The FAA's internal employee survey, including air traffic controllers indicated that half of the workers questioned FAA's commitment to human relations. What steps have been taken in response to this conclusion? Will controller "burnout" result in increased retirements? Which FAA facilities have the most severe morale problems?

ANSWER: Since the employee survey results were released in November, management teams composed of OST and FAA representatives have visited three FAA regions and interviewed about 850 employees (both supervisors and nonsupervisors) representing all FAA occupations. The purpose of the interviews was to get first-hand information from employees on why they responded the way they did to the survey questions, e.g., why do they question FAA's commitment to human relations? Based on the survey results and the followup interviews, we will be taking several specific steps to improve the management of our human resources, e.g., revision of our performance appraisal and awards systems and placing an equal emphasis on both human considerations and technical competencies in selecting supervisors and managers. There are a number of similar measures that we can and will take within the FAA to improve human resource management.

As for the issue of burnout, our interviews with the controllers confirm that there is no common definition of burnout. The responses to the survey questions on "burnout" seemed to relate more to overall job satisfaction--not safety issues.

The employee survey was not designed to measure employee morale per se, i.e., none of the 66 questions asked specifically about morale although responses to several of the questions could be related to morale. Therefore, we do not have a list of facilities that have "the most severe morale problems."

STAGGERS OVERSIGHT

SENATOR ANDREWS: The Interstate Commerce Commission (ICC) is presently conducting oversight proceedings on the Staggers Rail Act. Is the Department involved in those proceedings? To what extent? If not, why not?

ANSWER: Department representatives have been attending the meetings convened in Ex Parte No. 456, The Staggers Rail Act of 1980 -- Conference of Interested Parties. The ICC instituted the proceeding in order to gain information from

railroads and shippers on their experiences under the Staggers Act, to bring the parties together to discuss the major regulatory issues, and to encourage them to come to a better understanding or a resolution of their differences. We believe, therefore, that railroads and shippers should play the primary role in the proceeding. Thus, we are monitoring the progress of the discussions, but we have not presented an independent Department position on the specific issues.

SENATOR ANDREWS: In what areas is the Department working with the ICC? Are any of these Congressionally mandated reports or statutorily required reports?

ANSWER: The Department is working alongside the ICC to develop fuller information on the effects of the Staggers Act in several areas. We have arranged, for example, to share with the Commission information gathered as part of independent studies being undertaken by the two bodies on the joint rates issue. The Department, however, is not preparing or planning to issue any reports on the Staggers Act jointly with the ICC. We are working with the Commission primarily to ensure that the two agencies' research efforts complement rather than duplicate each other.

The Department has no Congressionally mandated or statutorily required reports to prepare on the Staggers Act.

SENATOR ANDREWS: Are any other studies being contemplated either in conjunction with the Commission or as a review of the Commission's functions?

ANSWER: The Department is not contemplating any specific studies to be conducted in conjunction with the ICC. We hope to continue to coordinate our Staggers Act research with the Commission to permit the agencies to share data and to avoid duplication of effort.

As part of the normal process of participating in ICC rulemakings, the Department examines each Commission proposal for implementing the Staggers Act, examines its potential impacts, and assesses its effectiveness in carrying out the policies and goals of the Congress in the Act. In the past two years, for example, we have presented formal comments in a number of major proceedings related to implementing the Staggers Act, including Ex Parte No. 347, Coal Rate Guidelines--Nationwide, and Ex Parte No. 290, Railroad Cost Recovery Procedures. We intend to continue to conduct analyses as individual rulemakings are initiated, in order to evaluate Commission regulations and to assist in developing our policy positions in the particular proceedings.

SENATOR ANDREWS: Is the Department now conducting or planning to initiate a review of the Staggers Rail Act? If so, when will that be completed? Does the Department plan to forward that study to the Committee? If so, when? If not, why not?

ANSWER: The Department has been monitoring the experiences of railroads and shippers under the Staggers Act since it was enacted, and we will continue to do so. We are not preparing a formal published study on the Staggers Act as a whole. We are conducting research in several specific areas related to the Staggers Act, including an analysis of joint rate cancellations since 1980, as well as railroad-shipper contracts and other developments in rates charged for transportation of grain. Results of those studies should be available to the Congress and the public later this year.

RAIL SAFETY

SENATOR ANDREWS: Last year the Department undertook a review to ensure that safety was not being compromised by deregulation and technological improvements. The first reviews were started in the Federal Aviation Administration and then were scheduled for the Federal Railroad Administration (FRA). Could you please update the Committee on those safety reviews?

ANSWER: The Department has only begun its review of FRA safety regulations. The necessary background information has been collected and the analysis is underway. No findings or conclusions, however, have been reached at this time.

It is FRA's intention to maintain a continuous review of its safety regulations. This policy will assure an efficient safety program that changes with new technology and the industry's operational procedures.

For all new regulations and changes to existing regulations, FRA performs a detailed analysis to ensure that safety is not being compromised. The FRA Office of Safety has an orderly process that precedes any rulemaking program to resolve safety concerns. The process requires compiling material that will help FRA reach a finding as to the most efficient approach to maintaining adequate safety. Analysis is performed to determine that the costs of any rulemaking are exceeded by its benefits. Various options for implementation are examined to assure that the most efficient program is selected. This process results in new regulations and changes to existing regulations which materially increase rail safety.

SENATOR ANDREWS: What has been done in the FRA? What have you found out regarding operations, inspections, enforcement and emergency response?

ANSWER: At this time, the Department has only collected information on the FRA safety regulations. The analysis of this information is not yet completed. Therefore, no findings or conclusions have been reached.

SENATOR ANDREWS: Does the 1986 budget request for FRA reflect any findings from those Departmental safety reviews?

ANSWER: The 1986 budget request for FRA does not reflect the results of the Departmental safety review, since the review of FRA has not been completed.

MILITARY-CIVIL JOINT USE AIRPORTS

SENATOR ANDREWS: Improvement in airport capacity and delay reduction as well as the potential for improved system capacity is possible through the proposal for new military-civil joint use airports. A DOD/DOT plan dated March 8, 1984, concluded that joint use should be permitted to the maximum extent compatible with national defense. DOD indicated it is ready and willing to evaluate proposals by local sponsors on a case by case basis. Do you intend to actively pursue with FAA an agreement with DOD on joint civil use of military airports?

ANSWER: A new FAA/DOD agreement regarding joint use of military airfields is not expected to be formulated because the existing procedures are adequate. The 1984 DOD/DOT Plan showed that joint use has already been achieved at 24 domestic military airfields, and defense considerations will probably permit only a few additional agreements in the near future. The key to success in those instances will be cooperation between the military and the local sponsoring agency. The FAA will continue to play an active supporting role, which will vary with circumstances. We may act as matchmaker, expeditor, technical advisor, or even provide financial assistance for the construction of civil facilities. This approach has been effective in the past and will continue to be effective in the future.

QUESTIONS SUBMITTED BY SENATOR ABDNOR

ELIMINATION OF ESSENTIAL AIR SERVICE SUBSIDIES

SENATOR ABDNOR: Secretary Dole, as you know the FY 1986 Budget proposes elimination of Federal subsidies for essential air service carriers. This is a matter of great concern to me and the people of South Dakota. I presently have four small communities which receive these subsidies to protect their air service. If such subsidies are eliminated this would doom air carrier service in these cities.

As one who strongly opposed airline deregulation, I knew that the rural areas of America would be the ones to suffer the price. Congress and successive administrations provided protection through the Airline Deregulation Act which was to lessen the dislocation which occurred in the small communities of America.

Do you believe that we now have no obligation to live up to the promises which were made to these communities through 1988?

ANSWER: The EAS program has fulfilled its purpose. Airlines and consumers have adjusted to deregulation. In 1984, airlines earned their highest industry profits since deregulation.

SENATOR ABDNOR: Is it your belief that small communities can compete with larger communities in attracting and keeping air service given that their markets are much smaller and less competitive?

ANSWER: While we do not believe that small communities can compete with major hubs for the same type and frequency of service, we have seen that as air carriers have adjusted route structure to efficiently use larger aircraft, affected communities have often been served by expanded new commuter-class air service without reliance on the EAS program.

SENATOR ABDNOR: Given that larger more rural States are more severely impacted by this budget proposal, do you believe it is fair that people should have to drive 100 miles or more to gain access to air service?

ANSWER: When the subsidy is terminated, air service to subsidized communities may become less frequent. Unfortunately, where demand for air travel is minimal, travelers may have to drive to their destinations or to other airports. As for the distances to alternative air service, in the lower 48 states, over half of the communities are less than 75 miles from alternative air service, another 40 percent are within 76 and 150 miles from alternative air service, and only three communities are more than 50 miles from alternative air service.

QUESTIONS SUBMITTED BY SENATOR KASTEN

CANADIAN GATEWAY AT SAN JOSE AIRPORT

SENATOR KASTEN: Secretary Dole, can you explain to me why the airport in San Jose, in Congressman Norm Mineta's district, was chosen as the designated airport under the United States-Canada Experimental Airport Program?

(Were political considerations given higher priority than actual criteria when overlooking Milwaukee's Mitchell Field Airport?)

ANSWER: The decision to inform the Canadian Government that the United States was intending to name San Jose as the experimental airport for the transborder program was made after a thorough examination of the airport/carrier applications. Our objective was to maximize the public benefits that would result from the program. Hence, the Department based its decision on the maximum number of passengers that would use the service planned at an airport. In addition, the U.S. Government was constrained by the Canadian Government's position on which airports would be acceptable without restrictions that would hamper the realization of the benefits of the experiment. In the case of Milwaukee, for instance, the Canadian Government indicated it would place restrictions on pricing flexibility, which would undermine the success of such an experiment. Furthermore, the Civil Aeronautics Board Order instituting this case stated as a condition that the U.S. airport could not be on the route schedule of the United States-Canada Air Transport Agreement. Prior to the Department's decision, Republic Airlines resumed non-stop service between Milwaukee and Toronto under that agreement.

ILS FOR MANITOWOC COUNTY

SENATOR KASTEN: Secretary Dole, the Senate Appropriations Transportation Subcommittee, of which I am a member, has specifically requested funding for an instrument landing system (ILS) for Manitowoc County Airport, Wisconsin. As part of the Continuing Resolution passed by Congress in October, this provision was recently signed into law by President Reagan. Can you give me assurance of the DOT's strong commitment to insure the installation of an ILS for Manitowoc County Airport by no later than December 1985?

ANSWER: Barring any adverse siting problems affecting the installation, the instrument landing system (ILS) for Manitowoc County Airport, Wisconsin can be installed and commissioned by December 1985.

WISCONSIN FLIGHT SERVICE STATIONS

SENATOR KASTEN: Secretary Dole, the FAA has decided to close a number of Flight Service Stations in Wisconsin prior to the full automation and testing of the Super Flight Service Station scheduled to open in Green Bay, Wisconsin. Does this policy overlook the needs of pilots using Milwaukee, La Crosse, and Wausau airports where Flight Service Stations are scheduled to be closed before full automation begins in Green Bay?

ANSWER: The Super Flight Service Station at Green Bay is scheduled to open in FY 85 using the staffs from the existing Green Bay and the Milwaukee Flight Service Stations (FSS). Follow on consolidations are scheduled in FY 86 (Houghton and La Crosse) and in FY 87 (Wausau). These consolidations were outlined in the "FY 1985-87 Planned Office and Facility Consolidations" dated December 1, and delivered to Congress on December 3, 1984.

The needs of pilots are not being overlooked. The FAA is chartered to maintain safety and will not do anything to jeopardize that trust. The following will assure pilots that service will not be decreased.

- o There will be no derogation of safety when services and personnel are consolidated into the new FSS in Green Bay. Weather observations will continue where they are provided today, first by contract observers, and eventually, by automated weather observing equipment.
- o The existing air-ground communications system will remain in place, except that control will be provided by the automated flight service stations (AFSS). Remote communication outlets will serve as they do now in providing a link between pilots and the information and assistance they receive from the FSS's. This will ensure that aircraft in transit across the area can contact the AFSS, that downed aircraft signals can be monitored and located by FSS specialists, and that aircraft in distress can be aided through the use of direction-finding equipment. In addition, since the same weather information will be available to pilots after consolidation of FSS's into AFSS, instrument landing procedures will not be affected at all. Thus, all services will still be available to general, commuter, and charter pilots.
- o All services available prior to consolidation, excluding airport advisory service, will be available after consolidation. Airport information service will replace airport advisory service and provide wind and runway information and altimeter setting.
- o The data from studies at the Bridgeport Flight Service Station showed that equal or better service is being provided to users.
- o Many pilots will have access to more services after consolidation than they had prior to consolidation. For example, satellite weather information, real time weather radar display, and fast file flight plan service.

QUESTIONS SUBMITTED BY SENATOR BYRD

AMTRAK

SENATOR BYRD: Mrs. Dole, would you please supply for the record a list of all cities served by the Cardinal that do not have nearby airline or intercity bus transportation available to them.

ANSWER: All cities served by the Cardinal have either bus or airline service available to them within 20 miles and, all but five cities (Alderson, Hinton, Thurman, and Prince in West Virginia, and Maysville in Kentucky) have bus service within five miles.

SENATOR BYRD: Mrs. Dole, the Administration has proposed the elimination of Federal subsidies for the Amtrak system. Could you summarize now and provide for the record any detailed analyses which your Department has done that evaluate the impact of the budget proposal on the communities served by Amtrak, and also the impact on related public carriers and commerce in general?

ANSWER: No such studies exist. But I can tell you that the majority of the 500 communities now served by Amtrak have existing air or bus service. The handful, 29 according to Amtrak, that have neither air nor bus service will obviously have to rely on automobiles, as many small communities in the United States have done for years.

With regard to the impact on public carriers and commerce in general, we have no doubt that the airline and bus industries will be fully able to meet any extra demand for their services. One of the lessons of transportation deregulation has been that, where there is a significant demand for service, that demand will be met.

SENATOR BYRD: Would you please provide your assessment of the budgetary impacts including the cost to liquidate assets and meet the contractual responsibilities of Amtrak?

ANSWER: The trustee appointed to manage the estate could use cash available to liquidate assets. All current contractual responsibilities would come under the purview of the trustee.

SENATOR BYRD: Also, would you please provide for the record a list of all Amtrak ridership levels for each city served in West Virginia. This information should also include the ridership for the Blue Ridge Line which serves the eastern panhandle and in which I am strongly interested.

ANSWER: See Amtrak FY 1984 Ridership Table below.

AMTRAK FY 1984 RIDERSHIP LEVELS FOR EACH CITY SERVED
IN WEST VIRGINIA*

<u>Train Name</u>	<u>City</u>	<u>Train No. 440</u>	<u>Train No. 441</u>	<u>Total</u>
Capitol Limited	Harpers Ferry Martinsburg	2,552	2,492	5,044
		2,321	2,498	4,819
		<u>4,873</u>	<u>4,990</u>	<u>9,863</u>
		<u>Train No. 701</u>		<u>Train No. 702</u>
The Blue Ridge	Harpers Ferry Martinsburg	2,134	1,828	3,962
		<u>1,646</u>	<u>1,161</u>	<u>2,807</u>
		<u>3,780</u>	<u>2,989</u>	<u>6,769</u>
		<u>Train No. 50</u>		<u>Train No. 51</u>
The Cardinal	Alderson	195	201	396
	Charleston	5,944	5,479	11,423
	Hinton	1,879	1,627	3,506
	Huntington	5,001	4,170	9,171
	Montgomery	571	546	1,117
	Prince	3,105	2,889	5,994
	Thurmond	101	86	187
	White Sulphur Springs	<u>2,565</u>	<u>2,490</u>	<u>5,055</u>
	19,361		17,488	36,849
Overall total for West Virginia			53,481	

*These counts are consistent with boardings and deboardings and do not include B&O commuters.

SOURCE: AMTRAK: J. Prokopy 2/15/85

MASS TRANSIT

SENATOR BYRD: Moving to another subject, the fiscal year 1986 budget includes a number of proposals that would affect mass transit. There are 12 transit companies in West Virginia; and some communities, including Charleston, Clarksburg, Huntington, Parkersburg, and Wheeling have already passed excess property tax levies to support their transit companies. Many of these transit companies have contacted my office about the budget, and I am told that if operating subsidies are eliminated, they simply will not be able to remain in business. Have you done an analysis of the number of transit companies that are likely to go out of business nationwide if the operating subsidies were eliminated?

ANSWER: The findings of our analysis suggest that the impact of the proposed budget cuts on transit service will, in the final analysis, depend on decisions made by State and local governments and transit operators as they also accommodate to local needs. Federal subsidies represent only 10% of operating costs, so at worst only a 10% cut in service would be required (for individual urban areas in this ranges from 6% to over 40%). Many areas operate unproductive service that ought to be cut back or turned over to private operators. The areas that have used Federal subsidies to fund large percentages (up to 40%) of their operating costs, are generally small cities with small operating budgets that could be covered by State and local subsidy.

On the subject of the effects of withdrawal of Federal support, DOT has made analyses, conducted surveys and sponsored research, as well as use other available data. Examples of analyses and surveys are:

- UMTA Section 15 operating and financial data - published annually;
- a survey of a sample of 46 transit systems by UMTA in 1983 on the impact of eliminating operating assistance;
- a survey by the University of California - Berkeley under UMTA sponsorship in 1981 on the likely effects of the elimination of Federal operating subsidies; responses were obtained from 99 transit systems nationwide;
- a study of transit operating deficits by Don Pickrell of Harvard University in 1983, funded by UMTA; and
- the 1980 U. S. Census Travel-to-Work Survey in which UMTA assisted in the design of the survey questionnaire.

RURAL PUBLIC TRANSPORTATION

SENATOR BYRD: As you are undoubtedly aware, since the passage of the Bus Regulatory Reform Act, many communities have been left without any type of bus service, and no one is coming forward to pick up that service. The Interstate Commerce Commission is advising communities to form their own transit companies and telling them that funding for operating assistance and for capital purchases can be obtained from the Urban Mass Transportation Administration. Obviously, if these operating subsidies are eliminated and funding for capital improvements is cut, even this option will be closed to communities. Do you have any advise to offer the rural States and communities?

ANSWER: In many areas, we believe that small, private entrepreneurs will come forward to fill much of the vacuum left by the intercity and rural carriers that may have pulled out due

to bus deregulation. Where this is not the case and the State and local communities believe that such lost service is essential, then they should be willing to cover any operating subsidies that are necessary to replace that lost service. In a time when the Federal deficit could exceed \$200 billion while virtually every State and many local governments are experiencing surpluses, the Federal Government simply cannot be expected to meet every need, especially those such as mass transit which are clearly State and local responsibilities.

QUESTION SUBMITTED BY SENATOR LAUTENBERG

SENATOR LAUTENBERG: Suppose your budget proposals with respect to AMTRAK and Mass Transit are adopted. What will the impact be on other modes of transportation in the Philadelphia-New York corridor, if, contrary to your hopes, AMTRAK in fact goes out of business and if, as the New Jersey Transit Authority projects, mass transit fares rise a minimum of 20%? How many more cars and buses can we expect to add to the traffic over the New Jersey Turnpike and other major highways in my State? How many more arrivals and departures will the Newark and Philadelphia airports have to absorb? How many more flights per day will we have to add to the Boston-Washington corridor?

Has the Department estimated the costs of these impacts? If so, would you supply your data for the record? Specifically, I would like to know the following:

- * Will additional highway construction be required? What will the additional cost of maintaining existing highways be, especially in the Eastern corridor? Will the Federal Highway Trust Fund underwrite these costs or will States and their local subdivisions have to pick up the tab?
- * What are the incremental costs of the additional air services that will be required if AMTRAK is eliminated? How many more air controllers will you need in the Eastern corridor? What additional flight service and air navigation facilities will be required? Are you planning to request additional funds in future years to meet these requirements?

If for some reason the Department has not yet estimated these spillover costs, please explain why.

ANSWER: As I have stated, I do not expect rail service to disappear in the Northeast corridor. However, I can say that even the total disappearance of intercity rail service in the corridor would not have a significant impact on the costs of either the aviation system or of the highway system.

The complete disappearance of rail service could lead to an increased air travel demand in the New York-Washington market of perhaps 700 daily passengers each way. The number of operations at National Airport cannot be increased. Such an increase in demand would have to be accommodated by some combination of higher load factors, larger aircraft, and more use of Dulles and Baltimore-Washington Airports. The impact on any other aviation markets in the Northeast would be, essentially, trivial. There would be no requirement for additional controllers or any other FAA personnel.

The total Amtrak daily ridership in the New York-Washington segment, including intermediate stops, is about 22,000. The traffic that does not go by air would go by either bus or private auto. Even

if it all went by private auto (which would not occur), there would be 11,000 additional auto trips per day using various segments of the highway system between New York and Washington. In the context of total highway traffic, this is a very small number. No measurable additional highway costs would be incurred. More realistically, however, a significant segment of the non-aviation traffic would shift to buses, which would result in a further lessening of the impact on the highways.

The same observation can be made for the impact of an increase in New Jersey public transit fares. The past experience suggests that a 20 percent increase in transit fares is likely to lead to a 6-7 percent decline in the number of riders. If all those riders should take to the highways in their cars, the resulting number of additional auto trips would be much too small to have any significance from the point of view of highway capacity.

QUESTIONS SUBMITTED BY SENATOR SASSER

ESSENTIAL AIR SERVICE

SENATOR SASSER: Mrs. Dole, the President's budget calls for the elimination of the Essential Air Service Program. I understand that the Department did not protest its elimination.

The elimination of this program greatly concerns me for two reasons. First, my own State of Tennessee has suffered significant loss of air service in the wake of airline deregulation. These problems are shared by several other states, including the Chairman's State of North Dakota. Second, as co-chairman of the Senate Tourism Caucus I am acutely aware of the necessity of providing effective air service to all parts of the country and the contribution it makes to an area's economic development.

I have two questions for the Secretary.

First, if the Essential Air Service Program is abolished, what mechanism will remain to ensure at least minimal service to smaller airports?

ANSWER: The Essential Air Service Program was designed as the final protection for those communities that could not retain air service without government intervention. Presumably, those communities that require subsidy would not continue to receive their current level of air service without government assistance. Some of these communities, however, would continue to receive some level of service without subsidy, although the remaining service may be only to one hub (a few communities are being subsidized for service to two hubs), with smaller aircraft or with fewer frequencies. Based on the traffic levels at all of the subsidized communities, we would expect that three quarters of the subsidized communities would lose all scheduled service. However, some of these communities will likely continue to have access to the air transportation system from on-demand operators. (Many small communities that are not covered by the program have successful fixed base operators that provide such service.)

Communities with extremely low traffic demand -- the bulk of the communities receiving subsidy -- would have to rely on air taxi, on-demand air carriers to the extent that they can attract

such operations. The larger communities should be able to attract air service commensurate with their demand from other carriers. Since 1978 the overall air transportation system has expanded greatly and is well prepared to respond to market demand. In particular, the commuter air carrier industry, which is meeting the service needs of over 175 essential air service communities, has experienced substantial growth, and such carriers are now established and operating in all sections of the country and with all sizes of aircraft. These carriers should be able to provide profitable service in a number of the smaller communities that would have had to rely on subsidized service prior to the emergence of this new and growing commuter industry.

RESIDUAL FUNCTIONS OF CAB IN DOT

SENATOR SASSER: My second question concerns the residual functions of the Civil Aeronautics Board which the Department assumed on January 1 of this year. The Department's failure to protest the elimination of the program makes me wonder whether the Department is giving sufficient attention to the duties it has assumed from CAB. My question is what is The Secretary doing to ensure that the remaining duties from CAB are effectively administered by the Department? I know that several experienced staff members from CAB were retained by DOT. Given the lack of concern over the elimination of the Essential Air Service program, my concern is whether anyone is listening to them.

ANSWER: The remaining duties from the CAB are being effectively administered within DOT and the transition went extremely well. When the CAB sunsetted on December 31, 1984, all its residual functions, except domestic airmail rate setting, transferred to DOT.

We have completed the transfer of residual CAB programs to DOT consistent with the CAB Sunset legislation and all functions are now "up and running." These functions include international aviation negotiations, international fare and rate regulation, economic fitness certification and licensing, the employee protection program, antitrust functions, consumer protection, airline data collection, and the Essential Air Service Program. We have integrated these functions into seven major units of the Department, together with approximately 300 transferred CAB staff.

QUESTIONS SUBMITTED BY SENATOR DENTON

U. S. COAST GUARD WESTWIND

SENATOR DENTON: Madame Secretary, the Congress has made clear its expectation that the Coast Guard will continue to operate five polar class icebreakers, and that the two oldest should be replaced with new ships in the early 1990s. Since one of the current ships, USCGC WESTWIND, is currently badly in need of repair work, we have also expressed our expectation that the Coast Guard should undertake that work at the earliest possible time.

Can you tell us when we may expect to receive the report we have requested on the work to be done on the WESTWIND, and its cost?

When will work on the ship commence? When will it be completed?

ANSWER: Our firm intention is to submit the report in advance of the Commandant's appearance before this Committee.

The information provided to date indicates that the repair work would be costly, extensive, and lengthy to accomplish.

The FY 1985 Coast Guard budget, as approved by Congress, and the FY 1986 budget request now before Congress for consideration, contain no funding to repair or operate the WESTWIND.

The Coast Guard is working diligently on the design and construction plans for two new polar icebreakers. A report describing the status of these plans will be submitted shortly.

SUBCOMMITTEE RECESS

Senator D'AMATO. This subcommittee will reconvene February 26 when the Research and Special Programs Administration and Inspector General's budget hearings will be held. The committee is in recess.

[Whereupon, at 3:30 p.m., Thursday, February 21, the subcommittee was recessed, to reconvene Tuesday, February 26.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, FEBRUARY 26, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.
Present: Senators Andrews, Kasten, and Chiles.

DEPARTMENT OF TRANSPORTATION

OFFICE OF INSPECTOR GENERAL

STATEMENT OF JOSEPH P. WELSCH, INSPECTOR GENERAL, DEPARTMENT OF TRANSPORTATION

ACCOMPANIED BY:

JOSEPH J. GENOVESE, ASSISTANT INSPECTOR GENERAL FOR AUDITING

H. RAE SCOTT, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS

GLENN W. WIENHOFF, ASSISTANT INSPECTOR GENERAL FOR POLICY, PLANNING, AND RESOURCES

SUBCOMMITTEE PROCEDURE

Senator CHILES [presiding]. We will convene our hearing. Senator Andrews will be here in just a few minutes. We will start with the Inspector General this morning.

We will reserve any time for opening statements if Senator Andrews has an opening statement.

Mr. Welsch, we are pleased to have you before the committee today. We reviewed your opening statement and your request for \$27 million and 458 positions. If you would like to briefly go over it and make any comments that you would like, we will put your statement in the record.

INTRODUCTION OF ASSOCIATES

Mr. WELSCH. Thank you, Mr. Chairman, and good morning. I would like to enter a brief summary of the statement and have the entire statement entered in the record.

I am pleased to appear before you this morning to discuss the Office of Inspector General's fiscal year 1986 budget request. With me are Mr. Joseph J. Genovese, the Assistant Inspector General for Auditing; Mr. H. Rae Scott, Assistant Inspector General for Investigations; and Mr. Glenn W. Wienhoff, Assistant Inspector General for Policy, Planning, and Resources.

BUDGET REQUEST

Our budget request, as you indicated, is for \$27 million and 458 positions. Accomplishments in 1984 include audit recoveries, fines, penalties, and other investigative cost avoidances totaling \$418 million, 16 times the amount spent on the operations of this office.

During 1984, we issued 1,820 audit reports and closed 168 investigative cases. In connection with our bid rigging investigations, we had 89 indictments and 67 convictions, \$3.9 million in fines, and 24 years in prison sentences in fiscal year 1984. Investigations of bid rigging in highway construction projects have extended to 46 States, 32 active and 14 completed.

Some of our recommendations have had significant budgetary impacts, about \$20 million in fiscal year 1984. For example, significant savings have resulted from audits of Federal Aviation Administration's turboprop airplane procurement and the U.S. Coast Guard's vessel inspection activities and Kodiak health facility.

Other reports which may have future budgetary impacts involve Coast Guard search and rescue operations where we recommended closing unneeded facilities, shifting resources to other locations or seasonalizing staffing at certain locations.

In summary, we have had a very good year and look forward to supporting the Department in preventing and detecting fraud, waste, and abuse in its programs and operations in the future. The Secretary and senior DOT officials continue to be very supportive of our office and I am confident we can be responsive to their needs and to our responsibilities under the Inspector General Act.

PREPARED STATEMENT

This concludes my summary statement. I will be glad to answer any questions.

Senator CHILES. Thank you, Mr. Welsch. We will place your prepared statement in the record.

[The statement follows:]

STATEMENT OF JOSEPH P. WELSH

Mr. Chairman and members of the subcommittee, I am pleased to appear before you today to discuss the Office of Inspector General's (OIG) Fiscal Year 1986 budget request. With me are Mr. Joseph J. Genovese, Assistant Inspector General for Auditing; Mr. H. Rae Scott, our new Assistant Inspector General for Investigations; and Mr. Glenn W. Wienhoff, Assistant Inspector General for Policy, Planning, and Resources.

Our budget request is for \$27.0 million and 458 positions. Fourteen positions, 7 full-time equivalents and \$310,000 associated with the Essential Air Service Program audit function have not been included in our request. Other reductions taken to FY 1986 over FY 1985 levels are a result of the proposed 5 percent pay reduction, annualization of management savings, and an across-the-board administrative services reduction. The FY 1985 rescissions in compliance with the Deficit Reduction Act total \$300,000.

Accomplishments

Audit recoveries, fines, penalties, and other investigative cost avoidance totaled \$418 million -- more than 16 times the amount spent on the operation of this office. During FY 1984, we issued 1,820 audit reports and closed 168 investigative cases.

Our commitment to detect and prevent bid rigging in DOT-funded construction programs continues to be our highest priority investigative effort. Investigations of bid rigging in Federally funded highway construction projects have extended to 46 states, 32 active and 14 completed. Grand juries are currently active in 17 states and more are anticipated.

Since January 1981, investigative efforts with the Antitrust Division of the Department of Justice and state prosecutors have resulted in 480 indictments, 399 convictions, \$50.8 million in fines and 49 years in prison sentences.

Audit Operations

We have improved the value and impact of our audit work by elevating the level to which selected problems are presented. We work closely with the Administrators, the Assistant Secretary for Budget and Programs, the Secretary, and the Deputy Secretary. Our reports are well received, and there is a better understanding of the contribution OIG audits can and do make to the Department. We are involved earlier with reviews of large procurements and are placing increased emphasis on evaluating the justification or legislative requirements for program activity. For example, an audit of the Highway Beautification Program resulted in an OIG recommendation that Federal Highway Administration seek legislative changes to substantially reduce the scope of this program.

Some of our recommendations have had significant budgetary impact. For example, significant savings have resulted from audits of the Federal Aviation Administration's (FAA) turboprop airplane procurement and the United States Coast Guard's (USCG) vessel inspection activities and Kodiak health facility. Other reports which may have future budgetary impact involve audits of the Coast Guard Search and Rescue operations where we recommended closing unneeded facilities, shifting resources to other locations or seasonalizing staffing at certain locations.

Automated data processing has become an essential and integral part of Departmental operations. The complexity of modern computer operations has brought new audit challenges and has made it necessary to develop new capabilities for the computer environment. In 1983, our office established the ADP Audit and Technical Support Office. During the past year this office was greatly expanded. The ADP audit group is responsible for conducting audits of presently operating systems as well as those under development. Audits include coverage of major computer centers system design, procurement and security. Examples of some of our work in this area include an audit of the FAA's Program Master Plan for Advanced Automation Program. This audit

revealed that FAA had awarded the host and advanced automation system design competition contracts before formalizing all its plans for monitoring and managing these large scale and complex projects. FAA is taking positive actions on this report and we are continuing to monitor and review this program. During the last 6 months we also reported on system software weaknesses at Transportation Computer Center and improper security of sensitive computer media at USCG.

In addition to our ADP Audit and Technical Office we have established microcomputer capability in all the regions and at Headquarters. Personnel at each location have received training in the use of micros, and we continue to expand and update our use of personal computers. We have been using personal computers in the administrative area and plan to expand and update into such areas as data base management, statistical data in graphic illustrations, and increased analysis effort.

Another area of improved audit support involves the loan of a civil engineer from the FAA. In addition to lending expertise to questions which arise during an audit or investigation, we have developed an engineering resource pool which can be drawn on should a question be in another area of expertise. Two specific examples where we were able to benefit from this new engineering support involves:

(1) The Use of Fly Ash in the context of a Value Engineering Program. As a result of this new input, our audit report strongly recommended the use of fly ash as a cost saving material in road construction. It is our understanding that a new national policy on fly ash use by FHWA will be forthcoming.

(2) Another project in which we used our new engineering expertise was in the quality assurance aspects of the Detroit People Mover. We were able to determine the technical consequences of beam fabrication errors.

The engineering program has added a new dimension to our audits and investigations. It has saved many hours of effort by focusing on technically significant areas and proposing specific recommendations.

Investigative Operations

Our investigative function was recently reorganized. The Washington Investigative Offices were restructured placing the Field Investigative Offices under the executive direction of the Deputy Assistant Inspector General for Investigations. In conjunction with this change, Special Agents-in-Charge were given greater latitude in opening and closing cases and making referrals to the Modal Administrations directly from the regions. These changes will streamline our investigative organization and improve effectiveness and productivity.

Our most significant investigative area continues to be our efforts involving antitrust violations in DOT-funded construction projects. Our goal is to expend 40 percent of our investigative efforts in this area. We have been active in efforts to involve states in the fight against bid rigging activity. We are currently involved with five states to assist them in their efforts to investigate and prosecute bid rigging activity under state statutes. These joint Federal-state cooperative efforts have proved very beneficial and we are looking forward to even greater results in the future.

Another example of where we are breaking new ground involves our request to have a medical team from the Department of Defense review the Maritime Academy medical facility in Kings Point, New York. This review was undertaken as a result of allegations we received related to the care provided at that facility. Although the medical team found no evidence of malpractice, many recommendations were made to improve the overall management of this facility. We hope to utilize the expertise available in other departments as needed to help us improve the overall quality of our work.

Summary

We have had a very good year and look forward to supporting the Department in preventing and detecting fraud, waste, and abuse in its programs and operations in the future. The Secretary and senior DOT officials continue to be very supportive of our office and I am confident we can be responsive to their needs and to our responsibilities under the Inspector General Act.

This concludes my statement. I will be glad to answer any questions.

DIFFERENCE IN ACCOMPLISHMENTS

Senator ANDREWS [presiding]. Thank you so much, and I appreciate my colleague's getting started, and I apologize for being late.

Mr. Inspector General, for fiscal year 1983, the IG accomplishment record was \$921 million in fines, penalties, and cost avoidance, for a factor of 37 times the cost of the IG activity.

Last year's results were less impressive—\$418 million, or 16 times the cost of doing business.

What explains this abrupt decrease? Should resources be redirected to areas with more potential? If your results are on a decline, have you conducted any studies on areas to cut personnel?

Mr. WELSCH. Mr. Chairman, I could say we have improved so there is no longer quite the amount of inefficiency and waste in the Department, but there are reasons, which I would like to explain.

Senator ANDREWS. That is why I asked the question.

Mr. WELSCH. In 1984, we had a very comprehensive audit of all unliquidated obligations in the Federal Highway Administration. There are substantial unliquidated obligations throughout all of the States in the Highway Program. In that year, one report resulted in a savings of about \$370 million. That one report alone accounted for a substantial increase in the amount of savings in fiscal year 1983.

In fiscal year 1984, our savings are reasonable as far as the productivity of the staff. We continue to analyze the utilization of staff, the kind of projects we cover, and the areas we cover. There are variations in the amount of savings that accrue in each of the fiscal years, but that one report in fiscal year 1983 was the main reason for the large difference.

INVESTIGATIVE CASES

Senator ANDREWS. Last year's justification estimated about 280 investigative cases for 1984 and 1985. The actual level is now 168 and 195, respectively.

Why the 40-percent decrease when Congress added 20 positions to your budget for fiscal year 1984?

Mr. WELSCH. We have been devoting more of our investigative resources to proactive investigations and bid rigging activities in the States. Many of our investigative resources are devoted to one case. One State is one proactive case.

We did go through and screen the small reactive cases, completed them, and now we are devoting our time primarily to the proactive cases. We may have two, three, or four agents devoted full time over an entire year to one case.

The caseload went down, but the actual workload went up because we are devoting more time to the bid rigging area.

Senator ANDREWS. But proactive is only 26, and last year it was 20. So the increase was hardly significant.

Mr. WELSCH. One of the States that we are moving into now in our investigation of bid rigging is California. That has a substantial impact on our workload because that one State receives a significant amount of Federal highway funds, and we will have four agents full-time in that one investigative case in California. One proactive case like the State of California does require substantial investigative resources.

Senator ANDREWS. Well, again looking at your figures for the level of investigations and audits of grants, which is, of course, the Department's major funding mechanism, activity was projected to reach 170 cases plus this year; instead will only reach 75, which is down from 1983's level of 132.

What is wrong there? We are using your own estimate of what would be done. We match it up with what you did last year, and we can't help but wonder.

Mr. WELSCH. We can provide a more detailed analysis and give you the reasons for the change in the projections, but I believe it relates to the extra effort that we are putting in the bid rigging investigation area.

Senator ANDREWS. Well, the extra effort ought to pay off in additional situations or cases resolved. You go from 132 cases closed down to 75. That is a decrease. It is even more noticeable if you do it in the face of your own estimate that you are going to reach 170.

You know, it's not only a concrete drop from last year, but it is a devastatingly lower figure compared to your own target.

Mr. WELSCH. We did devote more time to the bid rigging area. Perhaps it was due partly to—and I will have to verify this for the record—to the lapse rate which we had in hiring new investigators in fiscal year 1984. We did have a lowering of staff onboard and it may have caused part of that problem. We are setting our priorities higher on the kind of cases we want to handle with the resources available. I can submit an analysis of the case projections and the actual case closings.

Senator ANDREWS. It would be helpful if you would.

[The information follows:]

The projected figure of 278 reactive cases closed was a bit optimistic. We have concentrated on proactive and bid rigging investigations and maintained a very tight control over our reactive cases. We are concentrating on priority cases which have prosecutive merit, and low priority matters are being handled by administrative methods. Our proactive cases have been higher than we projected last year. Also, as explained in response to the question on grant cases, individual company bid rigging cases are becoming more difficult to bring to conclusion.

Targeted individual company bid rigging investigations make up the majority of grant cases. We are experiencing greater difficulty in successfully investigating and prosecuting violators than we experienced in prior years. Contractors are more familiar with antitrust detection and investigation techniques, are more sophisticated, are better represented, and more cohesive in their efforts to conceal their conspiratorial activities than in the past. The "roll-over" phenomenon which we had experienced in the past is not as prevalent now, and cases consequently take longer to bring to justice.

EAS PROGRAM

Senator ANDREWS. What have been, finally, the CAB's major audit findings for the Essential Air Service Program? Does the Office of the Inspector General expect to pursue these same areas or take a different approach?

For example, the President's budget materials, specifically the "Background On Major Spending Reforms," justifies the elimination of EAS subsidies because of overpayments and apparent improprieties. Well, what efforts are underway to correct these specific problems in the existing program?

Mr. WELSCH. When we assumed the responsibility for the Civil Aeronautics Board [CAB] essential air service function, we continued to perform the same type audits that were performed under the CAB organization. We evaluate claims submitted by the carriers for the hold-in services provided under the direction of the CAB. We have found cost questioned on the subsidy claims. We have questioned improper claims for fuel and overhead. We do have some costs which are disallowed by the essential air service folks. We have continued to provide the same type auditing assistance to the EAS function, and we will be continuing to provide that as long as we have the responsibility. We will also be assisting, to the extent possible, when we visit an air carrier to review their maintenance records and other certification records which are used to maintain their current status.

Senator ANDREWS. Well, we ought to get this information established, because maybe David Stockman wouldn't be trying to cut it out if the program were run more smoothly, you know.

[Mr. Welsch nods in the affirmative.]

Senator ANDREWS. That is why time is so important.

Senator CHILES.

COAST GUARD PROCUREMENT

Senator CHILES. Last year when you appeared before the committee, I asked you on behalf of the committee to look at the Coast Guard Procurement Program. At that time we were frustrated and a little furious that it took the Coast Guard over 2 years to let a contract for patrol boats.

This year, again it seems the Department is starting to get bogged down in the Coast Guard procurement for radar balloons. The radar balloon procurement was funded last October. It took the Coast Guard until December 19 to get the RFP paperwork over to the Department, and the Department during the week of February 4 sent questions back to the Coast Guard.

So after 4 months we are at the point of sending lists of questions back and forth, in spite of the fact the committee directed this as an urgent procurement needed by the Coast Guard for its role in the drug war.

Mr. Welsch, we asked you to look into this problem. What can you tell us a year after we made the request as to how to improve the Coast Guard procurement? Have you prepared a paper or a study on this matter and, if so, can we have a copy of it?

Mr. WELSCH. We have not completed a review of the Coast Guard procurement system. After last year's hearing, we did go back and review the vessel procurement. I spoke with the Deputy Secretary and also with the procurement people in the Secretary's office. We were involved with helping to expedite the questions that were asked in the report in connection with the vessel procurement. As you might recall from last year's hearing, we suggested alternative procurement for the vessels. There were crew boats available through the Maritime Administration. We had suggested the crew boats as an alternative to procurement of the vessels.

After last year's hearing we did work to resolve those issues in an expeditious manner and to move forward that procurement. But as far as an overall review of the Coast Guard procurement activities, we have not completed one. We have done some segmented audit reviews.

Senator CHILES. Well, are you doing anything on that? We asked you to do that. Are you, a year later, are you making any study on that?

Mr. WELSCH. We have reviewed sole source procurement utilized by the Coast Guard.

Senator CHILES. Well, we weren't just concerned with sole source. We were concerned with the time it was taking and why the Coast Guard couldn't get patrol boats in a reasonable length of time, and why now they can't get balloons. It is the overall procurement process that we were asking you to take a look at.

Mr. WELSCH. We have looked at segments of it, not the complete system as an entity. We can certainly look into the entire system.

On the balloon procurement, I understand there were some questions raised after one of the prototype balloons and radars sank in the ocean. There were some questions raised as to whether that prototype should be reevaluated and some decisions made on specifications that one might want to put in that contract. That is another sole source type of procurement action that would require justification so that it could be put into the system in accordance with the acquisition regulations.

Senator CHILES. Well, I think the questions were a little broader. What we are looking for is the review of the whole system, the procurement system. And we would certainly hope that you would have some information for us so that you could assist us in looking at their procurement system.

Mr. WELSCH. We have participated in some of the transportation acquisition reviews. They have had some difficulties with the process and with the threshold for review of procurement actions within the Department by the Secretary's Office. I understand just recently, that the Deputy Secretary has authorized a change in the threshold which will permit more of the procurements to go through without secretarial review. Because of the sensitivities for yearend spending and also sensitivities that we are buying the right equipment for the mission of the Department, there are required reviews within the Office of the Secretary for the acquisition process.

Senator CHILES. Well, Mr. Chairman, I think the net result of all these answers seems to be that our request of last year to look into this has not been honored. And I would like to make some sort of request that within 2 or 3 months we get a paper that really looks into ways to improve the system of the Coast Guard's procurement.

I am concerned as to whether they really have the talent and the capability in their procurement system, given this money that you have been helping them get and I have been helping them get. These Coast Guard programs respond to the drug emergency and then we find that the money is always bottled up; and in many instances the procurement sometimes has been boxed up. I hope that we can get the Inspector General to help us look at that system.

Senator ANDREWS. Well, I certainly agree with that, that something has to be done to get us the kind of information that we need.

Senator CHILES. Thank you.

FAA PROCUREMENTS

Mr. Welsch, on February 15, Administrator Engen sent a five-page letter to Secretary Dole, listing all of the FAA items that are stuck in the Secretary's Office, with the length of time each item has been waiting in the Secretary's Office for clearance.

Apparently, FAA plans to send an update of this letter to the Secretary every so often. One item, for example, the contract tower proposal, has been sitting in the Secretary's Office for 5 months, or since last September. We understand approximately 20 items are stuck in the General Counsel's office alone.

Have you seen the February 15, 1985, letter to Secretary Dole?

Mr. WELSCH. Yes; I have, Senator.

Senator CHILES. Do you believe that the Office of the Secretary is adequately staffed and organized to handle this workload?

Mr. WELSCH. Yes; I do believe they are adequately staffed and organized. These are very complicated issues that are being addressed. Perhaps some of them could be processed a little bit faster, but I believe that the magnitude of the policy questions raised on many of the issues do require the time and attention that are being given to them. I believe that Administrator Engen's letter puts into perspective the paper flow and some of the problems they are having. I hope that perhaps it will help clear up some of the process time. I do believe there is adequate staffing in the organizational structure of the Secretary's Office.

OST AUDIT WORKLOAD

Senator CHILES. Why is your audit workload for the Office of the Secretary proposed for only 1.8 full-time equivalents or below the 1984 level in view of the kind of problems raised by Administrator Engen?

Mr. WELSCH. We have less time scheduled than in prior years because we excluded some of the support activities that we now do as part of the administration's reviews. The Office of the Secretary primarily has policy responsibilities. There are not the same audit opportunities or

audit areas as there are within the administration's operations. We felt that it was a reasonable amount of audit time to be devoted to OST.

BID RIGGING

Senator CHILES. What progress has been made in your own bid rigging investigation? Is there any followup after completion to ensure that the problems do not recur?

Mr. WELSCH. We have been working very closely with the Federal Highway Administration, the State highway departments, and the State attorneys general, to provide guidance and to assist them in identifying any recurrence in bid rigging, and also to monitor the bidding process in each of the States. Unfortunately, we have seen a few indications where bid rigging may be starting up again in some States we previously had completed and had indictments and convictions. We have had to open up a couple of investigations in States previously thought to be fairly well finished as far as the bid rigging activity.

Bid rigging is very hard to prevent because it is conspiracy among contractors. It is very hard for the managers of any of the State highway departments or the Federal Highway Department to make a judgment that, in fact, a particular bid is rigged. We have to be diligent and continue our analysis of trends to good engineering estimates, which gives us indications as to whether or not something is, in fact, going on in the States.

Senator CHILES. You are continuing that?

Mr. WELSCH. We are continuing that and we are expecting to spend about 40 percent of our agent investigative time in that area. We are currently active in about 35 States.

Senator CHILES. Mr. Chairman, I have some other questions—I can submit them for the record—and also some questions for the other witnesses.

Senator ANDREWS. Thank you very much, Senator Chiles.

Senator Kasten.

Senator KASTEN. Mr. Chairman, thank you very much. My timing is different than your timing. I would like to ask if I could submit some questions for Administrator Douglass. I know she is not before us right now.

Senator ANDREWS. She is going to be before us momentarily.

Senator KASTEN. There is an issue in Wisconsin having to do with the transportation of hazardous materials across State lines through Wisconsin. It is one of great interest and concern and I am hopeful that I can submit some questions for the record and have a response.

Senator ANDREWS. Senator, I assure you that in 5 minutes, she will be sitting out here.

Senator KASTEN. I am not sure I will be able to make it in 5 minutes.

Senator ANDREWS. In any event, you may submit that for the record.

Senator KASTEN. Thank you.

MASS TRANSIT

Senator ANDREWS. I have two final questions for the Inspector General, and I will submit the balance of my questions. There will be questions from other members of the committee also, as you can understand, for the record.

What specific audits do you have currently underway on mass transit new start projects?

Mr. WELSCH. We have completed work on several projects. We have a report out on the Detroit transit. We have done some work in Buffalo. We have also done work in Los Angeles.

We are involved in several of the major transit starts, in addition to work on bus maintenance facilities at three or four other transit authorities. Altogether, I would say we have done work on at least seven or eight transit authorities.

Senator ANDREWS. Have you been asked to investigate cost overruns in federally financed heavy rail construction?

Mr. WELSCH. We have not been specifically asked, but we have looked at it.

Senator ANDREWS. But you have not been specifically asked? UMTA has advanced the argument that those funds should not be earmarked by Congress, thus allowing UMTA more discretion to better respond to system cost overruns.

Has the Inspector General independently investigated or verified the cost overrun problem in UMTA?

Mr. WELSCH. Yes, Mr. Chairman. We have reviewed cost overruns in several of the transit authorities. In Detroit, we looked at the cause of the cost overruns, and we looked into some of the problems in the Denver system. We've looked at Buffalo, Miami, and Dade County, and issued reports on the cause of the cost overruns.

Senator ANDREWS. But programmatically, you haven't been doing it?

Mr. WELSCH. No; we do that on an individual transit authority basis.

Senator ANDREWS. What were the results of your investigations?

Mr. WELSCH. We found that a lot of cost overruns were caused by poor planning; that a lot of the transit authorities did not have the engineering capability to monitor and oversee a project of the size and magnitude that some of them were undertaking. These are one-time projects, different from the Highway Department, where they have a staff of engineers and architects. The transit authorities are taking on major construction efforts without adequate planning, without acquiring the right-of-way in many cases, with poor integration of construction, and with poor quality control, all of which lead to cost overruns.

Senator ANDREWS. Could you submit an overall report on that for the record?

Mr. WELSCH. We will make a summary paper for you. We have made recommendations to UMTA based on individual reports to provide contractor oversight in the case of Miami and also Buffalo. They did hire independent engineering firms to oversee the construction work for UMTA.

Senator ANDREWS. If you could, submit that so that we have it prior to UMTA coming before us, which is, I think, April 16. We have all kinds of time, but the sooner we get it, the better we will be able to analyze it.

Mr. WELSCH. We will do that, Mr. Chairman.

[The information follows:]

SUMMARY OF OFFICE OF INSPECTOR GENERAL REPORTS ON COST
OVERRUNS ON UMTA PROJECTS

The Office of Inspector General (OIG) has issued several audit reports on increased costs associated with full funded Section 3 rail construction grants. The full funded grants established the maximum Federal participation in total project costs except that the Urban Mass Transportation Administration (UMTA) may agree to participate in additional cost increases associated with extraordinary events. These extraordinary costs include inflation beyond established rates, increases due to acts of God, settlements or awards in eminent domain proceedings in excess of original appraisals, increases directly caused by Federal legislation after grant award date, and increases directly caused by unforeseen delays in funding by Congress.

The following is an UMTA provided list of six full funded Section 3 grants totaling \$2.8 billion where additional funding of \$109 million has been provided for extraordinary costs. Based on a review of grant records and discussions with UMTA personnel; in Fiscal Year 1983, reimbursement of eligible extraordinary costs of \$3.4 million to Baltimore, Maryland and \$12.5 million to Miami, Florida was delayed because of a lack of available Section 3 discretionary funds at that time. However, these extraordinary costs now have been funded and are included in the figures below:

(Dollars in Millions)			
Location	Project	Initial Federal Full Funding Amount	Federal Share of Extraordinary Cost
Atlanta	Rail Line	\$ 799.9	\$ 8.7
Baltimore	Rail Line	594.0	33.5
Philadelphia	Tunnel	240.0	15.5
Pittsburgh	Busway	85.6	4.2
Buffalo	Rail Line	378.8	16.9
Miami	Rail Line	670.4	30.4
TOTAL		<u>\$2,768.7</u>	<u>\$ 109.2</u>

Our audit reports have disclosed that besides being eligible for reimbursement for some extraordinary costs under full funded contracts, some transit authorities have incurred other costs in excess of those eligible for UMTA participation. This occurred because some have taken on major rail construction efforts without promptly acquiring the right-of-way and without adequate engineering capability for monitoring and overseeing the quality of construction work. These deficiencies in project management have led to additional unanticipated costs. Following is a brief summary of each OIG audit report:

Detroit, Michigan (R5-UM-5-042)

Weak and ineffective project management by the Southeastern Michigan Transportation Authority (SEMTA) has contributed to continuing cost escalation and schedule slippages in construction of the Detroit Central Automated Transit System. Recent studies indicate total project costs are expected to reach nearly \$200 million for additional costs in excess of \$60 million. As a result of the audit report, UMTA has hired an independent construction management oversight consultant to monitor SEMTA's management of the project. In addition, UMTA has reaffirmed to SEMTA that under the full funded contract; the Federal obligation for the project is capped and SEMTA owes UMTA a completed project as described in the contract.

Miami, Florida (R4-UM-4-168)

Review of construction contract change orders by the Dade County Transportation Administration (DCTA) for Metrorail construction disclosed \$2.7 million of additional project costs which were ineligible for Federal reimbursement. These additional costs were incurred for change orders to procure additional storage, compensate a contractor for construction delays caused by untimely right-of-way acquisitions, accelerate construction, correct design errors/omissions, and correct construction deficiencies. Because the factors that caused the need for these construction contract change orders were either reasonably avoidable by DCTA or were the responsibility of others, we recommended that the increased costs of \$2.7 million be deemed ineligible and be credited to the project. UMTA officials partially concurred with the audit findings and recommendations and directed the grantee to adjust project costs by approximately \$0.8 million.

Miami, Florida and Atlanta, Georgia (R4-UM-4-050)

In constructing their rapid rail systems, the Dade County Transportation Administration (DCTA) and the Metropolitan Atlanta Rapid Transit Authority (MARTA) had been reimbursed approximately \$4.0 million for land acquisition costs claimed, as extraordinary, which we considered to be ineligible for UMTA funding. DCTA claimed and was reimbursed \$2.4 million for increased costs that occurred because of unjustified delays in initiating negotiations with property owners. MARTA was also reimbursed \$1.6 million for ineligible costs claimed for property owners' loss of business profits and unallowable litigation expenses. UMTA officials agreed with our findings and required the grantees to credit project costs or refund appropriate amounts to UMTA.

Buffalo, New York (R2-UM-4-039)

Certain construction practices of the Niagara Frontier Transportation Authority's (NFTA) architect/engineering consultants were inadequate in construction of the Buffalo Light Rail Rapid Transit System. The consultants did not always perform required inspections of the construction effort and NFTA did not adequately monitor the consultants' activities. As a result, the tunnel section of the project was not constructed in accordance with contract specifications and the structural integrity of portions of the project may have been adversely affected. UMTA officials agreed with the report's findings and recommendations and required NFTA to hire additional inspectors, more closely monitor the performance of its consultants, test the structural integrity of the project, and develop a plan to repair deficient areas.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much. I have some other questions I would like to submit for the record, as do my colleagues, and we will do that.

We appreciate your being here today.

Mr. WELSCH. Thank you, Mr. Chairman.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

OFFICE OF AIR CARRIER AUDITS

SENATOR ANDREWS: To what extent could the fourteen positions transferred from the Civil Aeronautics Board (CAB) perform other audits, not associated with the Essential Air Service (EAS) program?

ANSWER: The auditors transferred from CAB are presently performing external audits at air carriers. They could also perform internal, contract or grant audits, as needed.

SENATOR ANDREWS: As this function is being absorbed, what management improvements in the auditing process do you feel will be necessary? Can the audits be performed with fewer people? [Last year testified only eight auditors needed p. 365.]

ANSWER: Some of the improvements under consideration are planning for internal audits of the EAS program area, use of microcomputers at field sites, and working with OST officials to provide definitive guidance to air carriers regarding financial records requirement to facilitate audit work.

The original estimate that eight auditors and one clerical position would be needed to perform the CAB audit function was based on the premise that this function would be absorbed into the presently existing Office of Inspector General (OIG) structure. However, upon review it was decided to leave the CAB air carrier audit function intact and set it up as the Office of Air Carrier Audits under the Assistant Inspector General for Auditing because of the specialized nature of the audits. As a result, we retained the CAB management structure and the existing 14 positions transferred.

SENATOR ANDREWS: What close-out audits will be necessary if the Essential Air Service Program is terminated?

ANSWER: If the EAS program is terminated on September 30, 1985 there will be an estimated \$60 million in unaudited carrier claims. The OIG should be able to audit these carrier claims in Fiscal Year (FY) 1986 and close out the program.

SENATOR ANDREWS: What will be done this year in response to the Committee's concern that subsidized carriers are not sufficiently marketing services within the community? Marketing efforts can be ascertained through the auditing process and could provide Congress with information valuable to determine the future of this program.

ANSWER: In FY 1985 the OIG's major audit emphasis with regard to subsidized air carriers will be to establish the accuracy of claims requested and paid. These audits do not address the air carriers' marketing strategies. We do not believe an adequate evaluation of marketing efforts can be made during audits of carriers claims.

SENATOR ANDREWS: Why does the audit workload table (pg. 18) show only 7.7 manyears for all of the Office of The Secretary, when 14 positions were transferred for Essential Air Service audits alone?

ANSWER: Although 14 positions were transferred to the OIG, the workload chart is expressed in full-time equivalents. The 14 people were transferred January 1985 and were available for only three-quarters of the year and are comparable to about 11 full-time equivalents. Of these 11, 7 are planned for audit and 4 are included in management and administration.

FAA SYSTEM ENGINEERING AND INTEGRATION

SENATOR ANDREWS: How was the decision reached for the Defense Contract Audit Agency (DCAA) to audit Martin Marietta's performance on its \$685 million contract to oversee the National Airspace Plan (NAS)? Why is this highly important oversight being performed by the Defense Department, rather than Departmental officials familiar with the NAS plan?

ANSWER: The DCAA should have oversight for purpose of cost attestation because they are the cognizant Federal agency. Under the principles of OMB Circular A-73 it is in the best interests of the government for one federal audit agency to audit all of the Martin Marietta Corporation. DCAA audits concentrate on the allowability of the costs claimed. This organization has performed this function for various non-defense departments for many years. The OIG is responsible for auditing Martin Marietta's performance on the contract. Consequently, we will, in future audits, evaluate the adequacy on mission support provided by Martin Marietta to the Federal Aviation Administration (FAA) in implementing the NAS Plan. Additionally, we are responsible for ensuring that FAA is properly administering the Systems Engineering and Integration (SEI) Contract. In this regard, we plan to initiate an audit in late 1985 to review the controls and procedures FAA has established over this contract. We believe that both the OIG program reviews and the DCAA financial reviews are necessary and will complement each other.

SENATOR ANDREWS: How much will the DOT IG reimburse the Defense Department for this audit?

ANSWER: Approximately \$200,000 through FY 1986.

SENATOR ANDREWS: How will the IG be able to ascertain the validity of FAA's contractor bonuses if there has been no direct oversight by the IG of Martin Marietta's work?

ANSWER: The OIG will maintain oversight of Martin Marietta's work through audits of particular NAS programs and reviews of FAA administration of the contract. The FAA contract with Martin Marietta contains the procedures and criteria to be used in evaluating the contractor's performance and determining the award fee. We plan to begin an audit later this year which includes an evaluation of the procedures for award fee determinations.

SENATOR ANDREWS: How much has Martin Marietta been awarded in bonus fees so far? Did the IG recommend paying them more or less? How many IG staff reviewed Martin Marietta's first major work product, the initial review of the NAS plan? How many total IG resources are dedicated to FAA NAS plan work?

ANSWER: To date, Martin Marietta has been awarded \$2.4 million for its first year of effort under the contract. The OIG is not part of the board that determines the Martin Marietta fees and had made no recommendations concerning the amount paid. We did not perform a comprehensive review of Martin Marietta's first major work product. In OIG, approximately 10 work years will be devoted to NAS plan work in Fiscal Year 1985.

FAA COMPUTER ACQUISITION

SENATOR ANDREWS: What recommendations were provided to FAA regarding its computer acquisition design competition?

ANSWER: The OIG made observations and suggestions for improving management of the design competition. These observations and suggestions were in the areas of the use of monitoring teams, testing, and planning. In addition, we suggested that FAA could benefit from experiences of other government agencies in these areas.

FAA INSPECTION PROGRAM

SENATOR ANDREWS: Elaborate on the work which followed a hotline complaint of mishandling of a National Transportation Safety Board (NTSB) report by FAA in its inspection of commercial aircraft engine failure. In view of the Secretary's safety investigations, and FAA's need to improve inspections, what continuing work will the OIG conduct in this area?

ANSWER: Because all matters involving air safety issues are relayed to FAA we forwarded this complaint directly to Headquarters FAA with a request that they review the matter and report their findings directly to the complainant. The NTSB investigated the engine failure and determined that it was caused by a turbine fan blade separation. Since that failure, in order to prevent recurrences, inspection procedures and tests have been expanded to better identify blade surface irregularities. An audit is planned in 1985 of the maintenance practices of airlines experiencing financial problems. Our focus will be directed to determining whether FAA's inspection program adequately monitors these airlines.

BID RIGGING INVESTIGATION

SENATOR ANDREWS: What is the status of the bid rigging effort? Your office has remained active each year since FY 1983 in about 36 states and closed 10 states. When will this activity be concluded?

ANSWER: The OIG has either looked into or is looking into bid rigging in all but four states and investigative effort is expected to extend over the next 3 or more years. Beyond this, it is difficult to project with any degree of certainty when the last bid rigging investigation will be completed. Each investigation lasts for several years. Depending on the size of the state, the number of contracts, and the degree of criminal activity, an investigation could last as long as 5 years. It is now more difficult and time-consuming to obtain convictions for antitrust activities than it was in the 1979-80 period. Contractors are more sophisticated and better represented than they were in the early years. The fear of long term, multi-agency debarment is a major factor which each defendant weighs fully before he agrees to cooperate with the government. This, in addition to a reluctance to make full disclosure of the extent and duration of collusive activity, has slowed the progress of our investigations.

SENATOR ANDREWS: What number of fines, convictions, etc. were attained last year compared to the previous year? Has this program reached a point of diminishing returns?

ANSWER: The figures for FY 1983 and FY 1984 are as follows:

	<u>FY 1983</u>	<u>FY 1984</u>
Indictments	92	89
Convictions	74	67
Fines	\$13,663,500	\$3,900,000
Jail	44.3 years	24 years

Bid rigging investigations have not reached a point of diminishing returns. Indictments and convictions continue in significant numbers, despite increased resistance of contractors to cooperate with the government. The publicity afforded investigative efforts has a definite deterrent effect, which in turn creates a more competitive market place. While there is a downturn in fines and jail terms, the figures are somewhat cyclic in nature. The whole judicial process may overlap fiscal years and produce uneven results.

SENATOR ANDREWS: What steps are you taking to "institutionalize" procedures to detect bid rigging in those states that are closed?

ANSWER: During the course of extending bid rigging investigations into 46 states, numerous presentations were made to state highway organizations and officials dealing with the prevention and detection of bid rigging. Over 500 copies of our paper entitled, "Suggestions for the Detection and Prevention of Construction Contract Bid Rigging," were provided to state departments of transportation and various state and local audit, investigative, and prosecutorial agencies. In addition, FHWA has awarded a software development contract to create a highway collusion detection system. The new system is designed to alert system users to the possibility of seven types of collusive activity. This system, when perfected, will be made available to the states at no cost.

SENATOR ANDREWS: Last year, the IG was unable to correlate the additional 20 staff provided in FY 1984 with improved investigations. Please provide that information for the record.

ANSWER: The augmentation of our investigative staff enabled us to continue to focus our attention on bid rigging investigations and still maintain an investigative presence in other areas. While we hired 21 additional investigators in FY 1984, we lost 11 agents due to attrition, so the effect of the additional resources was not fully realized in FY 1984.

GRACE COMMISSION

SENATOR ANDREWS: Last year, the IG could not verify the Grace Commission's projection of a potential savings of \$4.6 billion in DOT over 3 years. Have further reviews of their recommendations resulted in a more realistic figure? What is DOT's "track record" against the recommendations of the Grace Commission? What savings have been achieved? How many Grace Commission projects were included in the FY 1985 IG Annual Audit Plan?

ANSWER: The Department undertook a thorough review of Grace Commission recommendations in October 1984. That review addressed recommendations in the Grace Commission reports that included DOT. The results of the review were transmitted to the Office of Management and Budget (OMB).

The Department believes that its current assessment is quite realistic. The Department concluded in October that implementation of appropriate Grace Commission recommendations would result in a total savings of \$143 million. However, favorable Congressional action on Coast Guard user fees could increase that figure to some \$570 million. The estimate may increase still further if the Department is successful in its efforts to transfer ownership and operation of the Metropolitan Washington Airports.

Thus far, the Department has acted upon a total of 45 of the 69 recommendations in the Grace Commission report, including those recommendations that were in place when the report was undertaken. The Department is actively reviewing an additional eight recommendations.

In many cases, savings relatable to the Grace Commission recommendations are already reflected in budget requests. The October 1984 review mentioned earlier identifies \$30.1 million in FY 1985 and \$35.8 million in FY 1986. These figures for FY 1985 and FY 1986 do not include recommendations for which timing is uncertain (as with rulemaking proceedings); or additional increases attributable to Coast Guard user fees and still-developing estimates on transfer of ownership and operation of Washington Metropolitan Airports.

Specific Grace Commission projects have not been included as such in the FY 1985 IG Annual Audit Plan because of the involvement of a Departmental Task Force in assessing and monitoring the "Trans Recommendations." These recommendations, however, were provided to our Headquarters and field staffs to be considered in proposing individual audits for the OIG FY 1985 Annual Audit Plan. In the 22 areas where the Grace Commission makes recommendations, audits have been done or are planned for FY 1985 in 11 of the areas.

INVESTIGATIVE ACTIVITY

SENATOR ANDREWS: Last year the IG reported that a nationwide investigative survey of DOT contracts over \$3 million had been initiated. Why, then, does this year's justification state "it is too early to make any definitive statements regarding this effort"? Why does it take over a year to get results?

ANSWER: We are in the last stages of field work and analysis of data gathered during our nationwide investigative survey which focused on all DOT-funded construction projects exceeding \$3 million, including those in FAA, Urban Mass Transportation Administration (UMTA), Federal Railroad Administration (FRA), and Federal Highway Administration (FHWA). We expect to complete our analyses and preliminary field work by mid-April 1985.

Most bid rigging investigations last for several years. The initial phases of information gathering and analysis are time consuming. The results of those two phases is what governs how and where the criminal investigations should be directed. It should be pointed out that this effort involves all types of construction projects, not solely highway work, and encompasses the entire United States.

A-76

SENATOR ANDREWS: The IG is active in the Department's implementation of A-76, or contracting out government services. Last year's DOT budget envisioned contracting out in FY 1985 some 800 positions. Provide an update of the number which will, in fact, be contracted out this fiscal year, and which programs are affected.

ANSWER: The Department currently is conducting A-76 studies covering about 1,800 full-time equivalents (FTE). Other studies are also scheduled to start in FY 85. We do not know at this time how many FTE's will actually be contracted out since this will depend on the outcome of the comparison of in-house and contractor cost which is the final step in an A-76 study. It is anticipated, however, that the results of these studies will cover the projection in the FY 1985

budget that 800 FTE's would be contracted in FY 1985. The studies underway include such functions as: automatic data processing, food preparation, building, grounds and utility maintenance, security, warehousing, electronics maintenance, and vehicle maintenance.

TRANSIT NEW START OVERSIGHT

SENATOR ANDREWS: Last year the subcommittee heard a report on both the Dade County and Buffalo IG findings. For example, Buffalo's architect/engineering consultants were inadequate in its inspections. As a result, Urban Mass Transportation Administration (UMTA) was instructed to require certain actions by the Buffalo grantee. Were these corrections made? Did the Federal government pay for any necessary corrective construction on either the Florida or Buffalo systems?

ANSWER: As a result of our audit of the Quality of Construction of the Niagara Frontier Transportation Authority (NFTA) Buffalo Light Rail Rapid Transit (BLRRT) Project, NFTA, with the approval of the UMTA and New York State Department of Transportation contracted with Construction Technology Laboratories (CTL) to obtain an assessment of the issues in the audit report.

CTL conducted extensive destructive and non-destructive testing of the entire system and inspected the inspectors' reports, diaries, plans, specifications, etc.

The current status of corrective action is as follows:

1. Less than specified liner thicknesses in certain areas of the project.

Status - Repairs to the concrete liner have been completed in two of three sections. The third section, requiring patching of core holes, was 75 percent complete on January 9, 1985.

2. Future track settlement where the Buffalo Sewer Authority relocated and repaired a sewer line adjacent to the BLRRT surface line.

Status - UMTA regional officials advised OIG that NFTA is monitoring track settlement. In two areas where track settlement was observed, NFTA took remedial action.

3. Cracking of reinforced concrete girders at Delavan and South Campus stations.

Status - CTL found that the cracks are due to drying shrinkage of the concrete and do not significantly affect the strength of the structures. Cosmetic repairs should be made after all shrinkage has occurred.

4. Effect of slump and air content on quality of concrete.

Status - CTL's core testing of the concrete throughout the system showed that concrete strength exceeded specifications and the quality of the concrete was good.

The necessary costs of corrective action at the Florida and Buffalo systems will be funded from non-Federal sources.

SENATOR ANDREWS: What has UMTA done to improve oversight at all "new start" cities?

ANSWER: On new full-funded project starts UMTA will require the grantee to hire a Construction Management Oversight Contractor (CMO)

who will report directly to UMTA. The CMO is to assure that the project is completed in accordance with established procedures. The estimated cost of this service is approximately .5 percent of the project cost. Also, UMTA has engaged a consultant to develop Construction Management Guidelines for use by UMTA grantees.

SENATOR ANDREWS: What other OIG audits have been conducted of major transit projects?

ANSWER:

1. Detroit Central Automated Transit System. Our audit concluded that there is a good possibility the system now planned to cost more than \$180 million may never be self sustaining, and the project is currently anticipating an overrun of \$45 million. UMTA has acknowledged that the Central Automated Transit System is in trouble and has recently contracted with the Fleur Corporation to help it resolve the problems plaguing this project. The Fleur Corporation will assess the current situation, develop a plan of action, suggest a needed reorganization of the transit authority, etc.
2. Los Angeles Metro Rail Project. The OIG informed UMTA of a need to strengthen internal controls so as to preclude unnecessary expenditures of scarce resources. UMTA in a followup to the OIG memorandum has asked the transit authority to respond to the OIG concerns. The transit authority has not yet responded to UMTA's request.
3. Chicago O'Hare Extension Rapid Transit Project. Our audit found that contractor design errors contributed to \$8.0 million in additional contract costs, poor contracting practices were used in costing out change orders totaling \$13 million, and the city's inspection oversight had been insufficient. UMTA acknowledged that the City of Chicago could improve on its oversight of UMTA funded construction activities. However, UMTA pointed out that the City currently has no UMTA construction activity and therefore the OIG audit recommendations could not be implemented. However, UMTA did advise that when the City is awarded more UMTA construction grants, the OIG recommendations will be addressed.
4. San Francisco Cable Car Reconstruction. The OIG review found that about \$865,000 of improper charges had been made against the grant. This occurred because there was other non-UMTA ongoing construction, and the accounting system did not ensure that only proper charges were made to the various construction projects. UMTA concurred with the OIG and has offset contract claims by the \$865,000 in improper charges.
5. Massachusetts Bay Transportation Authority (MBTA). The audit identified the need for the MBTA to strengthen its system to control, analyze and negotiate settlements of contract disputes. Contractor claims totaling \$33.8 million were settled for \$9.4 million; however, there is little assurance that the final agreed amounts are supported by legal, technical, financial and audit analysis. UMTA may be sharing in higher settlements than necessary. UMTA concurred with the OIG findings and recommendations and is currently developing revised criteria for accepting contractor claims.

URBAN MASS TRANSPORTATION ADMINISTRATION

SENATOR ANDREWS: UMTA has advanced the argument that Section 3 capital discretionary funds should not be earmarked by Congress, thus allowing UMTA more discretion to better respond to system cost overruns. Has the IG independently investigated or verified the cost overrun problem in UMTA? What were the results of your investigation? (If not, why not?)

ANSWER: The IG independently investigates or verifies system cost overruns on Section 3 discretionary grants on a selective basis. Primarily, the IG conducts independent audits of financial operations of UMTA grantees on an organizationwide basis as required by Attachment P of OMB Circular A-102. However, when specifically requested by UMTA management or when extraordinary problems on a project are identified, the IG will independently investigate specific system cost overruns. For example, we recently issued an audit report identifying over \$60 million of projected cost overruns on the Detroit Central Automated Transit System. The report concludes that the system may never be completed because local support and funding for projected cost overruns have not been identified.

SENATOR ANDREWS: Does the IG regularly (or at UMTA request) review the full-funding contracts entered into by UMTA?

ANSWER: The OIG does not routinely review full-funding contracts entered into by UMTA. However, the IG has performed audits of selected aspects of construction projects that are funded under UMTA's full-funding concept. Audits have been performed of full-funded projects at the Metropolitan Atlanta Rapid Transit Authority, Dade County Transit Authority and Southeastern Michigan Transportation Authority.

UMTA AUDITS

SENATOR ANDREWS: Why do IG audit resources for UMTA grants decrease from 12 to 6 between FY 1984 and this year, especially since the subcommittee expressed its concern at last year's hearing about inadequate oversight of transit grants?

ANSWER: The decrease in audit resources for UMTA grants is related to a decrease in funding of about \$2.4 billion for the same period and the continued implementation of OMB Circular A-102, Attachment P.

AUDIT ACTIVITY

SENATOR ANDREWS: The justification (p. 15) projects increases in FY 1985 and 1986 for the numbers of departmental and regional reviews. What were the most significant changes brought about last year as a result of these reviews?

ANSWER: Some of the more significant changes brought about in FY 1984 as a result of our reviews were:

Better review and evaluation of the need for turboprop aircraft by FAA.

Reduction in planned U.S. Coast Guard health care facility.

Faster delegation of Vessel Inspection to the private sector.

Improved airport land management.

Improved timeliness of action on safety recommendations.

Termination of a \$1 million UMTA grant.

Closer monitoring of Disadvantaged Business Enterprise (DBE) certification process.

Improvements in noncompetitive negotiated procurement practices.

SENATOR ANDREWS: Explain the efficiencies in productivity which explain the increases for this year. Why will FY 1986 remain static at this year's level?

ANSWER: Increased productivity is projected because of a projected increase in the amount of full-time equivalents to be utilized in FY 1985. FY 1986 remains static because the projected full-time equivalents are projected to remain static.

SINGLE AUDIT

SENATOR ANDREWS: To what extent will the Single Audit Act of 1984 impact grant programs in DOT, as well as IG resources? Does the Act require all grant recipients to self-audit?

ANSWER: The Single Audit Act should not have a significant impact on OIG resources. DOT's grantees have previously made great strides toward implementation of the single audit concept. Also, our interpretation of the Act indicates that the OIG oversight responsibilities will not significantly change from the past.

SENATOR ANDREWS: Will states be allowed to group several programs (such as highway and transit grants) into one audit?

ANSWER: Yes. The establishment of the audit entity, i.e.: What offices, departments, programs, etc. will be included in the scope of review, will be decided by the state (or local government). Many states (and local governments) have elected to group programs together under a single audit.

SENATOR ANDREWS: Is the goal of the Act to reduce auditing on the Federal level or to reduce Federal oversight?

ANSWER: The Single Audit Act is designed to shift the responsibility for grant financial and compliance audits from the Federal level to the grantee level. The Federal OIG's will continue to be responsible for economy and efficiency, and program results audits. Based on our interpretation of the Act and anticipation of OMB implementation, we do not see a reduction in OIG oversight from that now provided under OMB Circular A-102 attachment P. The number of grantees reporting may increase slightly.

SENATOR ANDREWS: Which Transportation programs were used as examples in the May 1984 report prepared for the President's Council on Integrity and Efficiency (PCIE)?

ANSWER: Grant programs in Federal Aviation Administration, Federal Highway Administration, Urban Mass Transportation

Administration, United States Coast Guard, National Highway Traffic Safety Administration, and Research and Special Programs Administration were included in the scope of the PCIE Evaluation of OMB Circular A-102, Attachment P (report dated May 18, 1984).

FAA EASTERN REGION

SENATOR ANDREWS: Earlier this year 3 FAA employees were indicted for allegations of grant fraud. Was the IG active in this case? What national follow-up is the IG undertaking at other FAA regions?

ANSWER: The basic allegations were developed through a preliminary audit inquiry based on a hotline complaint which surfaced numerous deficiencies and irregularities in procurement practices at the FAA in New York. Additional audit and investigative effort was suspended when it was determined that the Internal Revenue Service and FBI had an active investigation in progress. Additional audits are scheduled in other FAA regions.

IG PERSONNEL GOVERNMENTWIDE

SENATOR ANDREWS: The justification describes efforts for IG organizations to recruit entry-level auditors. This is intended to reduce personnel movement between IG operations of the government. Is it not desirable to have such personnel movement, noting the success you cite as a result of the Professional Exchange Program? Is it the Federal IG policy to encourage a career-long association with one type of Federal program?

ANSWER: The intent of the entry-level recruiting effort was not to prevent or in any way hinder movement of personnel among IG organizations. There was, however, an overall shortfall of qualified auditor and investigator personnel in the IG organizations because of increased personnel allocations, especially in DOD, and there was a need for additional personnel, overall. By hiring personnel at the entry level, more opportunity for advancement and IG specific training could be accomplished. In our view, the entire community government-wide is benefiting from the entry-level hiring project and there should be ample opportunity for movement within the various IG organizations. It is not Federal IG policy to encourage career-long association with one type of Federal program. On the other hand, a reasonable degree of organizational stability is necessary in order to efficiently and effectively accomplish the mission of the individual offices. Our entry level recruiting program has enabled us to improve our equal opportunity employment. Of the entry-level employees hired under the program, 63 percent have been women or minorities.

ENGINEERING

SENATOR ANDREWS: Will the exchange program permit the IG to obtain more engineers from within the Department, say from (FHWA)? How much is in the contract for professional engineering services? Should the IG hire engineers familiar with DOT programs rather than contracting out or relying on modal exchange programs?

ANSWER: The Professional Exchange program should permit the IG to obtain more engineers from within the Department. The list of individuals maintained as part of the exchange program provides a pool from which the IG can draw qualified individuals. One engineer is presently on detail from the FAA and another is being considered in the near future from USCG.

The present Engineering Services Contract is a task order contract with a maximum expenditure of \$100,000 over 1 year. A second year is an option under the contract with the same terms.

Due to the huge variety of technical issues that come to light during the course of audits and investigations the IG needs the flexibility to obtain engineering support from both DOT and outside sources. For example, certain types of testing and inspection are not available in DOT and are normally contracted out even in the Modal programs.

SENATOR ANDREWS: Which office pays the salaries of staff detailed to the IG office?

ANSWER: The salaries of persons under the Professional Exchange Program continue to be paid by the person's home organization while they are on detail.

DEPARTMENTWIDE ENFORCEMENT

SENATOR ANDREWS: What is the status of consolidated enforcement within the Department?

ANSWER: Representatives from each Modal Administration performed preliminary work to determine the cost involved in determining requirements and developing a consolidated system. The groups decided that a consolidated system would not result in any cost savings and no firm requirements exist for such a system.

DEPARTMENTWIDE ACCOUNTING

SENATOR ANDREWS: What are the results of your review of the Modal Administration's FY 1985 and 1986 proposals for their various accounting systems? Are all such proposals in keeping with the establishment of a Departmentwide system?

ANSWER: A survey has been performed and UMTA and FAA are the only Modal Administrations with FY 1985 and 1986 proposals in their budgets for modifications to their accounting systems. We are actively monitoring UMTA's Grants Management system which is in the design phase of its systems development life cycle. The Department decided to permit UMTA to develop this grants management system since it is critically needed now. In the past, there have been OIG and GAO audit reports criticizing UMTA's grants management operations. OST officials advised that UMTA's grants management operations were in unsatisfactory condition and could not wait for the development of the Departmentwide accounting system. The system enhancements proposed by the FAA are still under review by the Department to ensure that they are in keeping with the Departmentwide accounting system.

SENATOR ANDREWS: Which separate accounting systems have been eliminated or reduced as a result of this effort?

ANSWER: The Office of the Secretary of Transportation and Coast Guard's proposed accounting systems have been consolidated into the Departmentwide accounting system development effort. There were a few other accounting systems completed or almost completed by the time DOT received permission from OMB to develop the Departmentwide accounting system. These systems have since been completed.

TRANSPORTATION SYSTEM ACQUISITION REVIEW COUNCIL (TSARC)

SENATOR ANDREWS: Last year a review was underway regarding full time IG participation on TSARC. What decision has been made?

ANSWER: We concluded that our office should not be a member of TSARC since this organization functions as a management review process. This activity would be in conflict with the basic audit functions of the Inspector General (IG) and would infringe or give the appearance of infringement on the independence of the IG. Our office does participate on a selective basis based on our audit work as requested by the TSARC.

CASH AWARDS

SENATOR ANDREWS: How many and what amount of cash awards have been paid out since the January 31, 1983 order on employee disclosure rewards?

ANSWER: We paid one cash award of \$10,000 to an employee whose disclosure resulted in a substantial cost savings to the Department.

SECTION 105(F) SET-ASIDES

SENATOR ANDREWS: Last year, the IG testified that reviews were underway of FHWA controls to prevent nonqualifying disadvantaged or women-owned firms from being certified as minority firms. What were the results and will any changes in regulations be made?

ANSWER: On November 15, 1984, we provided FHWA with a report on the results of the DBE/WBE reviews. Our review of eight states showed that of 70 firms examined, 18 were, in our opinion, ineligible and 16 firms were questionable. These 34 firms had been awarded highway contracts totaling \$34 million in FY 1983. The most common problem was a perceived lack of minority or female control over day to day operations. We recommended that FHWA require the states to more aggressively pursue eligibility determinations and to decertify firms when appropriate. We also recommended that FHWA increase its efforts to monitor states' certification procedures and ensure that FHWA Division Offices carefully monitor data on program accomplishment to assure its accuracy.

FHWA acknowledged that in the early stages of implementation of Section 105(f) there were awards to ineligible DBE's/WBE's. According to FHWA, these ineligible awards came about as a result of the States concentrating on outreach efforts to find additional DBE/WBE firms. However, since that time the States have pursued a more aggressive certification/verification program. According to FHWA, this new aggressive policy has resulted in an estimated 800 firms being decertified in FY 1984. In addition FHWA has instructed its field offices to closely monitor the states to ensure that their certification procedures are adequate. FHWA will also monitor data submitted by states to ensure the accuracy of DBE/WBE reporting.

BUREAU OF MOTOR CARRIER SAFETY

SENATOR ANDREWS: What is the IG response to the 1983 House Government Operations report on enforcement by the Bureau of Motor Carrier Safety?

ANSWER: Our study of BMCS was completed in 1979, and we have done no follow-up work in that area; therefore, we do not believe that we are in a position at this time to comment on their report.

HOTLINE

SENATOR ANDREWS: Actual 1984 hotline inquiries totalled 664, down 3 percent from 1983, despite your projection of 900 inquiries. Why was the estimate so inaccurate? How do you explain the justification claim that 1985 and 1986 inquiries will total 800?

ANSWER: We anticipated that the increase in publicity which has been afforded the hotline would result in an increase in the number of complaints. We will continue to publicize the hotline with the expectation that increased public awareness will increase the number of complaints. We have not projected any increase in staffing relative to these figures.

OBJECT CLASSIFICATION

SENATOR ANDREWS: FY 1984 "Equipment" expenditures total \$350,000 in FY 1984 and FY 1985. This reflects an increase of \$255,000 from the original FY 1984 request and \$100,000 from the original FY 1985 request. Please explain.

ANSWER: The increased equipment cost is due primarily to the purchase of microcomputers and peripheral equipment. This equipment is utilized by both the audit and investigative staff and has enhanced OIG operations substantially.

SENATOR ANDREWS: "Other Personnel Compensation" was requested in FY 1984 at \$184,000, reestimated in last year's budget at \$138,000, and actually costing \$47,000. Please explain.

ANSWER: The OIG budget request for "Other Personnel Compensation" for 1985 and 1986 totals \$110,000. The actual cost for 1984 was \$47,000. The difference is overtime which was budgeted but not used. The difference between what was previously budgeted is the elimination of the Premium Pay Program for investigators.

SENATOR ANDREWS: Despite Congress' and the Administration's attempts to achieve savings in travel costs, FY 1986 is estimated at \$1,650,000 (assuming no Essential Air Service audit function). Why is this level higher than the \$1,600,000 assumed for FY 1985 which assumed 9 months of EAS audit activity after CAB sunset. What would be the impact of a \$100,000 cut in travel in FY 1986?

ANSWER: The travel level requested for 1985 is \$1,696,000 (\$1,750,000 less the proposed rescission of \$54,000). In 1986 there will be seven full-time equivalents devoted to closing out the EAS audit function. Therefore, the 1986 travel request does represent a decrease over previously approved levels. Travel is an integral part of OIG operations. A reduction to this area will negatively impact on the ability to travel to the audit/investigative site.

PERSONNEL COMPENSATION

SENATOR ANDREWS: Obligations for personnel compensation increased \$2 million in fiscal year 1985. Since testimony was received last year that all 20 new investigators were on board, what explains the increase?

ANSWER: There are 34 additional full-time equivalents projected for 1985 over actual 1984 levels. In addition, 1985 personnel compensation reflects a 3.5 percent pay raise in addition to the increased pay costs for merit pay employees.

SENATOR ANDREWS: Why does this object classification remain constant in FY 1986 when 14 essential air service auditor positions are cut?

ANSWER: In 1986 there will be seven full-time equivalents devoted to closing out the EAS audit function.

SENATOR ANDREWS: Explain the reasoning behind the transfer of two positions to the Research and Special Programs Administration.

ANSWER: After a review of the functions performed by the positions to be transferred from the CAB, it was determined that the functions associated with these two positions, accounting systems and regulation preparation work on reporting, more properly fell into the Research and Special Program Administration's area of responsibility.

OBLIGATED AND UNOBLIGATED BALANCES

SENATOR ANDREWS: Explain the lapse of \$1,370,000 in FY 1984 unobligated balances. What occurred in the program to cause an increase from FY 1982 (\$195,000) and FY 1983 (\$924,000)?

ANSWER: The major part of the lapse was the result of a lower than anticipated staffing level. The balance of this lapse fell into the Other Service area where costs were not as great as anticipated. There has been no significant changes to the OIG program which would involve changes to the lapse rate. The lapse of funds represents approximately 4 percent of the total OIG program and is not unusual for a salaries & expense account with no carry-over authority.

SENATOR ANDREWS: \$323,000 is transferred in FY 1985 to cover the cost of the January 1, 1985 3.5 percent pay raise. What percentage absorption does this reflect? Given the previous question, is it not likely that a higher absorption of supplemental pay costs could be assumed from FY 1985 unobligated balances?

ANSWER: The OIG absorbed 50 percent of the pay raise cost in FY 1985. If we continue to experience full staffing in 1985 it is highly unlikely that the OIG could absorb additional pay costs.

SENATOR ANDREWS: Obligated balances at the start of FY 1982 were \$2,601,000, and FY 1983, \$1,835,000. Why is this sum \$3,811,000 for FY 1984 and \$8,134,000 in FY 1985? Does this indicate an accounting problem has developed?

ANSWER: This number represents the net unpaid obligations carried forward to the succeeding year. In the case of OIG, it would represent accrued payroll, unvouchered travel, unpaid contracts, etc. This number is provided to our office by the Accounting Operations Division of OST which performs the accounting function for OIG. We will be working with the Accounting Operations Division to determine if there are any problems, and correct them if necessary.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

STATEMENT OF CYNTHIA DOUGLASS, ADMINISTRATOR

ACCOMPANIED BY:

LEE SANTMAN, DIRECTOR, MATERIALS TRANSPORTATION BUREAU
LOU ROBERTS, DIRECTOR, TRANSPORTATION SYSTEMS CENTER,
CAMBRIDGE, MA
ROBIN CALDWELL, DIRECTOR, OFFICE OF AVIATION MANAGEMENT

OPENING REMARKS

Senator ANDREWS. Our next witness is, of course, going to be Cynthia Douglass, Administrator of the Research and Special Programs Administration. At this point, Senator Chiles' opening remarks will be made part of the record.

[The statement follows:]

STATEMENT OF SENATOR CHILES

Ms. Douglass, we are delighted to have you here this morning representing your agency, for the first time, before this committee. We look forward to working with you.

We have reviewed your opening statement and we are familiar with your request for \$19,073,000 and 694 positions.

I am pleased to see that you did not reduce funding for the Grant-in-Aid Pipeline Safety Program but am concerned that RSPA is again proposing to limit the Federal match to only 31 percent when a 50-percent match is authorized. The States are enforcing Federal regulations in this program and our unwillingness to pay the full Federal share does not seem appropriate. I am also concerned that 5 years after the Congress authorized the Liquid Gas Pipeline Program, RSPA still has not even published the regulations for this program.

Ms. Douglass, again we welcome you to the committee and look forward to working with you.

INTRODUCTION OF ASSOCIATES

Senator ANDREWS. Ms. Douglass, I understand you have a summary of your statement. You may introduce your staff.

Ms. DOUGLASS. Yes; I will do that. On my right is Lee Santman. Lee is the Director of our Materials Transportation Bureau. He carries out the hazardous materials transportation and pipeline safety responsibilities.

On my left is Lou Roberts, the Director of the Transportation Systems Center in Cambridge, MA. And on my far left is Robin Caldwell, the Director of our Office of Aviation Management, a new office within RSPA this year.

Mr. Chairman, I am pleased to be here today to present the Department of Transportation's appropriation request for the Research and Special Programs Administration for fiscal year 1986. I will submit

my whole statement for the record and take about 5 or 10 minutes to highlight our budget request.

Senator ANDREWS. Let me assure you it will be in the record as though you uttered every word of it.

BUDGET REQUEST

Ms. DOUGLASS. Thank you.

The Department's fiscal year 1986 budget request reflects Secretary Dole's commitment to a safe and efficient transportation system, a commitment which I wholeheartedly share. We are requesting an appropriation of \$19,073,000 for fiscal year 1986. This is a little bit more than our fiscal year 1985 appropriation of \$18,900,000.

The blue book, if you turn to page 14, summarizes our budget breakdown. Basically, our fiscal year 1986 budget request represents a freeze in 1985 spending programs, with the following significant exceptions: The 5-percent Governmentwide pay cut, a 10-percent Governmentwide administrative cost cut, the creation of the new Office of Aviation Information Management as a result of the sunset of CAB and transfer of certain responsibilities to DOT, a reduction of that staff by 10, and a resulting budget cut in that Office of Aviation Information Management.

There are new program dollars in our budget for the Federal/State workshops on hazardous materials regulations and there is a slight drop overall in our hazardous materials budget due to the completion of the SHMED Program, allowing for a reduction of \$720,000.

Overall, RSPA is requesting an appropriation of \$5.6 million to carry out the hazardous materials transportation program. The safety record for the transportation of hazardous materials in the United States has been very good. Last year there were seven fatalities and 242 injuries resulting from about 5,500 incidents involving hazardous materials transportation.

I am committed to ensuring that this excellent safety record continues, and I believe that our budget for fiscal year 1986 will allow us to continue carrying out safety programs in a way to ensure that this excellent safety record continues.

A more detailed description of our hazardous materials program is in the testimony I submitted for the record. But I would like to emphasize several programs that I think warrant special attention.

BHOPAL INCIDENT

First, with regard to the tragedy in Bhopal, India the Materials Transportation Bureau undertook an intensive reevaluation of our rulemaking priorities and as a result of that, we decided to expedite rules that have been under active consideration for some time.

One relates to cargo tanks. The purpose of that rule is to clarify requirements applicable to the maintenance, operation, and manufacture of certain cargo tanks used in hazardous material transportation and to enhance the lading integrity of these cargo tanks. The Notice of Proposed Rulemaking is expected to be published by May 1985.

The other rule that we have expedited relates to performance-oriented packaging standards. This rule would address many goals, the most important of which is the promotion of safety of transport through the use of better packaging. The rule is extremely complex and is going to take some time to complete.

Rulemaking actually began in April 1982, and a Notice of Proposed Rulemaking [NPRM] is expected to be released in June of this year and the final rule is anticipated in December 1986.

Further, the Department believes that an emergency rule to be effective this summer would be desirable, and thus the Department issued an emergency rule to improve our regulations applying to packaging and placarding for liquids which are toxic by inhalation, the Bhopal type of hazardous material. An NPRM was issued in January 1985 and we are expecting a final rule approximately June 1985.

I believe that these actions were necessary and proper and am proud of the swiftness with which the Department responded.

ESTABLISHMENT OF ADVISORY COMMITTEE

Another accomplishment of this year is the establishment of the National Hazardous Materials Transportation Advisory Committee. This committee has been appointed and had its first meeting on February 19 and 20. The first task will be to make recommendations to the Secretary on how to best provide for emergency response to hazardous material transportation accidents. I am looking forward to the advice of this well-qualified group of people. A list of the membership of the committee is attached to the testimony.

Finally, with respect to our hazardous materials program, I would like to discuss the concern of many State and local officials, that they lack funds for sufficient training information and guidance to properly plan for hazardous materials transportation accidents.

FUNDING FOR TRAINING

We have been reviewing a variety of potential solutions to this problem, and the option that I view as the best and most promising at this point in time is one that is being developed by the private sector. While this alternative is not yet set in concrete, I am encouraging its development.

The concept is as follows: Establishment of a private sector nonprofit foundation, voluntary commitments to the foundation by the private sector totaling \$10 million a year for 3 years; most of the \$10 million would be set aside for State and local grants for attending emergency response training programs currently existing within the Government and the private sector; the foundation would be run by an executive director and a small staff who would perform such tasks as processing grants, et cetera; oversight of the foundation by a small board of directors composed equally of industry and State and local representatives; at the end of 3 years, this board would issue, in addition to parceling out the grants and doing a number of other things, a report to Congress

on the adequacy of the emergency response training, with recommendations for the best way to meet future training needs.

I think that this foundation is far preferable to the Federal Government establishing a support program administered by DOT. The Federal program would be much more costly to administer because it would not be based on voluntary contributions. It would also take much longer to get money out to the States and to the cities, and it is questionable whether DOT could certify private sector training programs as authorized programs for State and city training.

I just wholeheartedly believe that the private sector initiative is far preferable to permanently legislating another tax on the people, the country, or on the industry itself.

RESPONSE TO GAO REPORT

Now, with respect to our pipeline program, I would like to address the Department's response to the GAO report entitled "The Need to Assess Federal Role in Regulating and Enforcing Pipeline Safety." I will submit a copy of DOT's formal reply for the record.

I would characterize the report as recommending minor tweaks to our pipeline safety program. GAO characterized it that way itself. More importantly, though, I would mention that last spring the Secretary asked me as the new Administrator of RSPA to undertake a review of our pipeline program and make recommendations to her if I felt changes were necessary. I am in the process of reviewing the program, and I have asked our technical advisory committees for their guidance in this matter. The committees met jointly in Washington on October 31 and appointed a working group of six people to meet on January 10 to develop such an assessment.

That group met and the entire group is meeting again in 2 days to consider the working group draft. I will submit the committee report for the record when it is completed. I expect it to be completed by February 28.

[The information follows:]

LETTER FROM CARMEL CARRINGTON MARR, COMMISSIONER, NEW
YORK PUBLIC SERVICE COMMISSION

March 5, 1985

Ms. Cynthia Douglass
Administrator
U. S. Department of
Transportation
Research and Special Programs
Administration
400 Seventh Street, S.W.
Washington, DC 20590

Dear Cindy:

I am transmitting, herewith, the report adopted on February 28, 1985 by the Joint Committee on Technical Pipeline Safety Standards and Technical Hazardous Liquid Pipeline Safety Standards, which reviews the Department of Transportation Pipeline Safety program.

This report was adopted unanimously. It contains the Joint Committee's assessment of the pipeline safety program, as well as recommendations, some of which propose changes or additions to the existing program.

I would like to request that your office distribute copies of the report and this letter to all of the members of the Joint Committee. Your assistance in this regard will be deeply appreciated.

Sincerely,



CARMEL CARRINGTON MARR
Commissioner

REPORT BY THE JOINT COMMITTEE ON TECHNICAL PIPELINE SAFETY STANDARDS AND
TECHNICAL HAZARDOUS LIQUID PIPELINE SAFETY STANDARDS

Response to GAO Issues

I. OPERATING PERFORMANCE OF INDUSTRY IS GENERALLY GOOD AND THE
DEPARTMENT'S PROGRAMS APPEAR TO BE MEETING THE BROAD OBJECTIVES
OF THE NGPSA OF 1968 AND THE HLPSA OF 1979

- o The GAO report fails to recognize that although there are pipeline safety issues which require detailed consideration by all involved parties, that pipeline transportation is a proven, safe mode of transportation. Credit goes to the fact that there is a Pipeline Safety Program and that this works well through the joint program that exists with the states and the Federal Government and the cooperation of operators.
(See GAO report Appendix I)
- o Future decisions on allocation of resources to or within the Department should be based on a specific analysis of actual accident, inspection, and other relevant experience, as well as on a general analysis of the enforcement/inspection program. Programs should be designed to prevent accidents.
- o The starting point for any rational safety program is a good data base. In this regard the Department should:
 - a) make better use of existing data (i.e., cross sectional analysis of industry by class of operator (interstate, intrastate, local distribution) and by operator.
 - b) identify any areas where insufficient performance data are available to make informed decisions and undertake to generate that data (e.g. master meter operators). The Department should consult with the Region Chiefs, Officers of NAPSR and NARUC and the Technical Pipeline Safety Committees in order to develop the information which should be in the data

base. The information in the data base should be what regulators need.

- o Any inspection/enforcement program should continue to be based on performance-related inspections and its stated objectives should reflect that practice. For example, the Department should not devote 80% of its resources to operators responsible for 20% of the accidents. The Department should seek to balance its resource allocation to the performance related statistics.
- o It should be noted that additional inspection will not address the single largest cause of pipeline accidents, which is third party damage. The Department should undertake joint efforts with the states and operators to address this problem. In particular, the Department should encourage legislation in the states which promotes enforcement activities with regard to excavators.

Response to DOT Issues^{1/}

II. Issue:

What should be the appropriate Federal and State roles in:

- Standard setting?
- Importance of uniformity for safety and flow of commerce?

Answer:

Uniform standards do facilitate safety and the flow of commerce. The DOT should take a proactive role in encouraging the development of consistent and uniform standards in those jurisdictions where it is not primarily or solely responsible for establishing standards. DOT should offer its standards as model standards.

- Interstate transmission? Distribution? Rural gathering? Master meters? Storage facilities, etc.?

^{1/} These issues were formulated by DOT and presented to the Working Group of the Joint Committee on January 10, 1985.

Answer:

Adequate standards appear to exist for interstate transmission and distribution systems. Although the existing standards apply to master meter operators it is not clear on their face that they do. It is not clear from the data available that additional standards are necessary for rural gathering, master meters, or storage facilities. The studies under preparation by DOT in response to GAO should be completed. The development of new standards or the extension of existing standards to these facilities should be based on a need being demonstrated by the results of these studies.

- Inspection and enforcement?
- Intrastate for states only? Municipals? Master meters? LP gas operators, etc.?

Answer:

Within the limits of the Federal statutes, inspection of the systems listed should be the responsibility of the state programs using the Federal standard. Federal inspectors would retain primary responsibility for interstate systems.

- Training?
- Who should provide? How should it be delivered?

Answer:

It is the responsibility of the Department to continue to provide the training free-of-charge to the states. The TSI facility at Oklahoma City appears to serve the purpose adequately. This training should be required of all Federal and State Inspectors.

- Funding?
- Federal grants, user fees imposed by states, others?

Answer:

Department should submit budgets to fund approved state programs at the 50% level. A guideline should be estab-

lished to assure equitable yearly distribution of Federal funding for state programs. Quality assessment of state programs by Region Chiefs should continue and funding should be contingent on satisfactory performance by the state program.

III. Issue:

Based on the above considerations, in the Federal arena:

- Are there pipeline activities/facilities which are now insufficiently regulated and for which regulatory coverage should be extended?
- e.g., storage facilities, rural gathering lines, other liquids?

Answer:

There is no apparent need based on the data available. The studies currently underway will indicate whether a sufficient safety problem exists to warrant further standards. There is feeling that a need exists within the area of master meter operators for both additional data and greater clarity of regulatory responsibility and standards.

- How can the Federal inspection and enforcement effort be enhanced?
- Mandatory quality assurance programs?
- Common inspection units?

Answer:

Company quality assurance programs should remain voluntary. The Department should recognize effective quality assurance programs as it allocates its inspection resources. Performance oriented inspection intervals should be instituted.

With respect to the selection of common inspection units, it makes sense to attempt to conform inspection units to the organizational structure of the operators.

Logic and good sense, not arbitrary rigid boundaries, should determine the establishment of these inspection units.

- How can DOT help to improve the states' programs?
- Closer monitoring?
- Guidance to states on training?

Answer:

The annual assessment of the effectiveness of state programs by the Region Chiefs should be continued. Linkage of funding with effectiveness would add incentive. Inspection criteria and guidelines should be developed and the Federal Government should perform performance reviews.

Mandatory training of State and Federal Inspectors and staff members of O.P.S.R. using existing programs at TSI should be maintained.

- How can DOT improve its training program?
- Curriculum development?
- Delivery?

Answer:

Curriculum appears adequate so long as it maintains state-of-the-art materials. Efforts should be made to incorporate reference standards more quickly into both the training programs and the standards.

Delivery systems can be improved by utilizing video tape and slide tape programs. For example, TSI should develop video tapes which would be provided free-of-charge to operators, regarding safe design and operation of such systems.

Minimum inspector qualifications should be used along with successful TSI course completion.

- Are the GAO recommendations to these specifics appropriate?
- are RSPA responses to the GAO recommendations appropriate and/or are there future opportunities for program improvement?

Answer:

The actions proposed by the MTB in its response to the GAO are appropriate. The Joint Committee further believes the increased use of the TPSSC and THLPSSC committees on a joint and individual basis is beneficial to the Department and to the Federal Pipeline Safety Programs. The Department should provide the results of the proposed actions to the safety committees for their joint or individual review and further recommendations as appropriate.

Insofar as future opportunities for program improvement are concerned, we strongly encourage the adoption of reference standards into the regulations more quickly in order to keep the regulations responsive to state-of-the-art technology. In addition to keeping the regulations current with new technology, a more rapid response to waiver requests should be pursued.

Respectfully submitted,

Carmel Carrington Marr

CARMEL CARRINGTON MARR, Chairperson
Joint Technical Pipeline Safety
Standards Committee/Technical
Hazardous Liquids Pipeline Safety
Standards Committee

SUNSHINE ACT

Senator ANDREWS. Are you suggesting you are going to amend your original draft of your statement, Madame Administrator?

Ms. DOUGLASS. Beg your pardon?

Senator ANDREWS. Well, the original draft of your statement says that the group met behind closed doors. My colleague, Senator Chiles, and I probably are the most ardent backers of the Sunshine Act, and I don't really want to point out to you that that kind of meeting, though we have it at the ICC occasionally and other places, is not really the best way to comply with the Sunshine Act.

Ms. DOUGLASS. Well, thank you for your advice on that. I did look into that because I was concerned about whether we needed to have a public meeting, and my lawyers told me that as long as it was just a working group meeting to work on a draft, that it would not be required to be under the Sunshine Act.

But they said that what we would have to do is bring this draft back and have it fully discussed by the full committees.

Senator ANDREWS. But the reason we put the Sunshine Act together was to make sure that the genesis of these ideas is relatively out in the open when you are using public funds. You also have made mention of getting money, really, from the regulator to put together this foundation to decide how we are going to regulate.

That gets into another hairy situation, I think. The subcommittee would far prefer funding you with Federal dollars to handle the regulation. As a matter of fact, title 49 of the U.S. Code says it is declared to be the policy of Congress in this chapter "to improve the regulatory enforcement authority of the Secretary of Transportation to protect the Nation adequately against the risk to life and property which are inherent in the transportation of hazardous materials in commerce."

And I think everybody would feel more comfortable and the job would probably be done as swiftly if you let us know what you feel your needs are, Madame Administrator, and we do it with public funding, so there isn't the question of whether the fox is regulating the chicken.

Ms. DOUGLASS. I am a little confused right now. The foundation would not be setting up regulations. It would be providing funding for State and local emergency response personnel to get the training that the States and cities feel they need to better respond to hazardous materials accidents.

Senator ANDREWS. Well, if you specifically delineate the function of the foundation so it is confined to the dispensing of information, rather than the regulation of the movement of these products and the regulation involved in the safety of these products, that is one thing. But if one were to merge with the other, then we would get into a number of questions.

Ms. DOUGLASS. OK. I can promise you and assure you that there is no intent of abdicating our regulatory responsibilities to the foundation. We have the responsibility of regulating.

Senator ANDREWS. Madame Administrator, knowing you as I do, I am totally certain that that is your intent. The reason I got out on this question phase is because I want to make sure that you don't leave the impression, that possibly could be picked up by others, that this is a mix of the private sector and the public sector in something as vitally important as the regulation of transportation.

I know that is not your intention. And the reason for raising the point is based on the buzz words of "meeting behind closed doors" and the other buzz words of "getting money from the regulated sector" that might cross-fertilize, so to speak.

What I wanted you to do is to make the statement you have just made, that you don't contemplate it.

Ms. DOUGLASS. No; I don't contemplate that.

Senator ANDREWS. Long ago, I learned in these hearings that what we put together is a package we can take to the floor, and if someone 6

months from now begins to say, hey, what are you doing in such and so, we can say look at our testimony, and the Administrator clearly stated that such and so.

You have now clearly stated that. You have given us our record.

Ms. DOUGLASS. Well, I can assure you of that.

Well, continuing with my testimony, I think, while improvements can be made in our pipeline program, the basic program is accomplishing the objectives of the act. And if I were going to highlight the issues for fiscal years 1986 and 1987 pipeline safety, I would say that the allocation of grant dollars, merger of the oil and gas grant programs, and the concept of the user fees would be at the top of the list.

Before closing, I wanted to highlight two other programs that warrant your attention. First is the Transportation Systems Center [TSC] in Cambridge, MA. I wanted to point out that TSC is fully staffed and funded for fiscal year 1986. And second, RSPA does have this new Office of Aviation and Information Management, and this office collects the aviation financial data and origin/destination data on which many of our Federal aviation programs rely.

This new office is the result of sunset of CAB and the transfer of many of the remaining programs and staff to DOT. That transition has been completed most successfully, and I believe that without any more than just a few days interruption in our data collection.

That concludes my statement, and I will be happy to respond to questions.

PREPARED STATEMENT

Senator ANDREWS. Thank you very much, Madame Administrator. We will place your complete statement in the record.

[The statement follows:]

STATEMENT OF M. CYNTHIA DOUGLASS

Good morning. I am pleased to be here today to present the Department of Transportation's appropriation request for the Research and Special Programs Administration (RSPA) for Fiscal Year 1986.

The Department's FY 1986 budget request reflects Secretary Dole's commitment to a safe and efficient transportation system—a commitment which I wholeheartedly share. We are requesting an appropriation of \$19,073,000 for FY 1986 as compared to our FY 1985 appropriation of \$18,900,000.

RSPA was established in 1977 through an administrative reorganization that assigned it various functions formerly performed within the Office of the Secretary and by the Materials Transportation Bureau (MTB). The principal object of this reorganization was to provide a central focus for the management of important multimodal programs, particularly in the hazardous materials transportation and pipeline safety areas.

Currently, RSPA has responsibility for the following programs:

- o Materials Transportation Bureau (MTB) - MTB is responsible for development and enforcement of regulations necessary to ensure the safe transportation of hazardous materials including hazardous liquids and natural gas by pipeline.
- o Transportation Systems Center (TSC) - TSC's mission is to provide

research and analysis support to all of the DOT operating administrations and the Office of the Secretary.

- o Aviation Information Management (AIM) - The AIM program provides consistent and comprehensive air carrier financial and statistical data that portrays the results of operation in the air transportation industry.
- o Transportation Safety Institute (TSI) - TSI conducts comprehensive training programs in transportation safety and security for Federal, State, and local government officials involved with all modes of transportation; e.g., training state truck safety inspectors.
- o Office of Emergency Transportation (OET) - OET's responsibility is to assure the operation of this country's civil transportation system in the event of an emergency.
- o Radionavigation - RSPA coordinates Departmental policy and research and development of radionavigation systems for use in both civil and military transportation.
- o Statistics, Data, and Information - RSPA has the general responsibility for planning, developing, and coordinating a comprehensive transportation statistics and information program. A chart of the current RSPA organization is attached as Appendix A.

RSPA's FY 1986 budget request generally represents a freeze in FY 1985 spending programs with the following significant exceptions:

- A 5% (Government-wide) pay cut (\$285,000).
- A 10% (Government-wide) administrative costs cut (\$224,000).
- The creation of a new Office of Aviation Information Management (as a result of the sunset of CAB and the transfer of certain duties to DOT).
- A reduction of staff (10) and budget (\$333,000) in the Office of Aviation Information Management due to a phasing out of the Essential Air Service Program.
- New program dollars for Federal/State workshops on hazardous materials regulations (\$200,000)

MATERIALS TRANSPORTATION BUREAU

Hazardous Materials Transportation Safety

RSPA is requesting an appropriation of \$5,617,000 to carry out the hazardous materials transportation program. This figure includes \$4,867,000 for operations and \$750,000 for research and development.

The safety record for the transportation of hazardous materials in the United States has been very good. Last year, there were seven fatalities and 242 injuries resulting from 5,512 incidents involving hazardous materials transportation. A chart of incidents occurring since 1974 is attached as Appendix B.

I am committed to ensuring that this excellent safety record continues. The budget for FY 1986 will allow RSPA to continue the following safety programs at essentially the same funding level as FY 1985:

- (1) Collection of safety data
- (2) Enforcement of safety regulations
- (3) Continuation of Rulemaking
 - (a) cargo tank specifications
 - (b) packaging and placarding for liquids toxic by inhalation
 - (c) performance oriented packaging standards
- (4) Funding for training of Federal and State hazardous materials transportation safety inspectors at TSI via RSPA's budget and the Surface Transportation Assistance Act.
- (5) Publication and distribution of the Emergency Response Guidebook.
- (6) Meetings of the National Hazardous Materials Transportation Advisory Committee.
- (7) Continuation of hazardous material safety research and development.

In addition, as a follow on to the State Hazardous Materials Enforcement Development program (SHMED), which is funded until the end of FY 1985, RSPA will begin new Federal/State workshops to continue the work begun with the States. This highlights our hazardous materials budget for FY 1986. A more detailed description of our hazardous materials program follows.

A major responsibility of MTB is the development and issuance of regulations governing hazardous materials transported by all modes (with the exception of standards developed by the U.S. Coast Guard for bulk transportation by vessel). Our

budget request for FY 1986 allows RSPA to continue essential rulemakings on cargo tank specifications, packaging and placarding requirements for toxic liquids, and performance oriented packaging standards.

Our ongoing program of regulatory revision and reform is highlighted by our commencement of a pre-rulemaking examination of the issues involved in a complete revision of the standards for transportation of explosives to make them consistent with international shipping standards. Additional rulemaking reforms under active consideration are in the following areas: collection and reporting of data on hazardous materials incidents, regulation of reportable quantities of hazardous substances, and transportation of trailers, and other hazardous materials containers by rail.

The MTB is responsible for enforcement of regulations applicable to multimodal transportation of hazardous materials. The primary emphasis is on enforcement of regulations for manufacturers, reconditioners and retesters of DOT specification containers and multimodal shippers of hazardous materials. However, we also work closely with the other modal administrations to assure compliance with the operating requirements applicable to the movement of hazardous materials. For example during the last calendar year, we conducted several joint inspections with the Bureau of Motor Carrier Safety of the Federal Highway Administration, investigating the shipment of radiopharmaceuticals and a high activity radioisotope which was being transported into Mexico. In addition, with the assistance of the U.S. Coast Guard,

the Customs Service, and the Bureau of Alcohol, Tobacco, and Firearms, we have aggressively enforced the regulations governing the shipment of explosives, primarily fireworks (both domestic and imported). Finally, we have conducted a series of joint inspections with the Federal Railroad Administration to determine the compliance of packagings moving in rail-multimodal transportation.

A key to the effectiveness of our enforcement efforts has been RSPA's interaction with the States. In FY 1985 the last year of funding for the SHMED program was completed. This three year effort was designed to assist states in developing their enforcement capabilities. To date 26 States have developed enforcement capabilities under this program. More States are getting involved as efforts continue in this area under the Surface Transportation Assistance Act of 1982, which provides for grants and technical assistance to States in the handling of hazardous materials transportation on highways. RSPA's budget for FY 1986 requests new program dollars for Federal/State workshops on hazardous materials regulations. These workshops will carry on the new initiatives which surfaced in the SHMED program by providing a focal point for hazardous materials transportation within the State. In keeping with RSPA's multimodal perspective, the workshops will not be limited but instead will focus on all modes of transportation.

To meet the growing demands by local and State officials for emergency response information, RSPA has republished and is distributing the Emergency Response Guidebook (ERG). This guidebook is designed to aid first responders —

firefighters, police and other emergency service personnel - at hazardous materials accidents. It provides a listing of hazardous materials and recommends actions to be taken during the initial phases of an accident. The ERG is part of the Department's continuing effort to provide local organizations with specialized technical information which is critical to a successful emergency response.

A common complaint I keep hearing from many State and local officials is that they lack funds for sufficient training, information and guidance to properly plan for and respond to hazardous materials emergencies. We have been reviewing a variety of potential solutions to this problem. The option that I view as the best and most promising at this point in time is one that is being developed by the private sector. While this alternative is not yet set in concrete, I am encouraging its immediate development. The concept is as follows:

- Establishment of a private sector non-profit foundation.
- Voluntary dollar commitments to the foundation by those involved in the transportation of hazardous materials totalling \$10 million a year for 3 years.
- Most of the \$10 million, would be set aside for State and city grants for attending emergency response training programs currently existing both within Government and within the private sector.
- The Foundation would be run by an Executive Director and a small staff who would perform such tasks as processing grants; setting priorities for

who gets how much; assessing training programs; and matching State/city needs with the training programs.

- Oversight of the Foundation by a small Board of Directors composed equally of industry and State and city representatives.

- At the end of 3 years, this Board would issue a report to the Congress on the adequacy of emergency response training with recommendations for the best way to meet future training needs.

I believe this foundation would be far preferable to the Federal Government establishing a support program administered by DOT. Such a Federal program, if funded by user fees, would be more costly to administer because it would not be based on voluntary contributions; it would also take much longer to get the money to States and cities because the DOT would first have to collect it and then adopt regulations setting forth criteria States and cities must meet to qualify for the grants. It is questionable whether DOT could certify private sector training programs as authorized programs for State and city training.

If the private sector sets up this Foundation, I believe more dollars will get to the States and cities more quickly and be spent more effectively than through any legislatively established programs. And, of course, if the program doesn't work or either industry or the States and cities believe the Federal Government can do it better, the report issued by the Foundation could serve as a basis for legislation

establishing a training program. At the end of 3 years, we will all know more about the needs and the costs.

This is far preferable to permanently legislating another tax whether on the people of the country or on the hazardous materials industry.

I believe that the creation of this Foundation is not only reasonable but necessary. Hazardous materials include petroleum and petroleum by-products, radiopharmaceuticals, and common household products. They have become a socioeconomic necessity in our society. They must be transported daily. It is essential that our States and cities know how to respond when they are involved in accidents.

I would like to address one further step taken by the Secretary and RSPA to enhance the Department's role in emergency response. The RSPA has been appointed by the Secretary as the DOT representative to the National Response Team (NRT). RSPA will, therefore, join with the Coast Guard, which already had its own seat on the NRT. The NRT coordinates activities and provides service for State and local agencies in dealing with hazardous spills and accidents.

In addition to our regulatory and enforcement program and the development of emergency response preparedness, I strongly support the use of advisory committees.

Last year, Secretary Dole announced the establishment of a National Hazardous Materials Transportation Advisory Committee (NHMTAC). This committee has been appointed and had its first meeting on February 19. Their first task will be to make recommendations to the Secretary on how best to provide for emergency response preparedness. I feel confident that the membership of NHMTAC will provide a forum for the development, consideration, and communication of information from a knowledgeable independent perspective. The Committee is a valuable resource for identifying issues of common concern, evaluating approaches and solutions and communicating recommendations. A list of the committee membership is attached as Appendix C.

The FY 1986 budget request will allow RSPA to continue hazardous material research and development at essentially the same funding level as FY 1985; however, new responsibilities have also been imposed on the Department by the Nuclear Waste Policy Act of 1982. In accordance with that Act, the Department is a primary contributor to the resolution of transportation issues concerning the movement of spent fuels from utilities to the repositories. Additionally, in the hazardous materials area, an assessment of rail tank car safety performance is projected to continue into FY 1986.

Finally, let me summarize the status of various studies undertaken by RSPA at the request of Congress.

- (1) Joint FEMA/DOT Study - This study will evaluate programs conducted by

Federal/State/local governments and the private sector which provide training for compliance, enforcement, and emergency response and which provide planning for emergency preparedness. The study will enable recommendations on funding mechanisms to assure long-term continuity in funding.

Respective project offices of DOT and FEMA are coordinating the methodology and project schedules. An interim report is scheduled to be submitted to Congress by the end of March.

(2) Study to solicit and analyze comments on the prenotification study. This study will also assess various alternatives approaches to data collection. Recommendations will be sent to Congress.

A work statement for the assessment study is completed and a joint procurement (with DOE) has begun. The report to Congress is scheduled for September 1985.

Pipeline Safety

RSPA is requesting an appropriation of \$8,360,000 to carry out the pipeline safety program. This figure includes \$3,235,000 for operations and \$625,000 for research and development. We are requesting \$4,500,000 for the Natural Gas Pipeline Grant-in-Aid Program.

The safety record for pipeline transportation of natural gas and hazardous liquids is very good. Last year, there were 32 fatalities and 200 injuries caused by 1,068 natural gas pipeline accidents. There were no fatalities and 19 injuries caused

by 203 hazardous liquid pipeline accidents. A chart of incidents occurring since 1974 is attached as Appendix D1 and D2.

I am committed to ensuring that this excellent safety record continues. The budget for FY 1986 will allow RSPA to continue the pipeline safety programs at essentially the same funding level as FY 1985.

In 1968, Congress passed the Natural Gas Pipeline Safety Act providing that DOT establish safety regulations for facilities used in the transportation of natural gas and other gases by pipeline. In 1979, the Department's authority was extended to the transportation of hazardous liquids by pipeline.

Both Acts set up State grant-in-aid programs to provide for State enforcement of the pipeline safety rules. The success of the natural gas and hazardous liquid pipeline safety programs is reflected by the fact that generally there has been a downward trend in the number of pipeline accidents since 1980. Of the accidents that have occurred, the most common cause of the more serious ones has been third-party damage, usually by excavation activity beyond the pipeline operator's control. To address this problem, the pipeline regulations now require operators to participate in a utility locator system so that persons contemplating excavation can use the "one-call" utility locator to receive information on the exact location of pipelines in that area.

In FY 1986, we intend to continue rulemakings concerning accident reporting requirements materials requirements, pipe design and component design for both gas

and hazardous liquid pipelines. Among these, we have identified extending the applicability of liquid pipeline regulations to intrastate lines as a significant rulemaking in FY 1986.

We receive advice on proposed regulatory changes from our technical advisory committees. As required by statute, the two technical pipeline safety standards committees (gas and hazardous liquid) meet to review proposed regulatory changes, additions, or deletions. In accordance with Congressional interest in using the committee more effectively and so that I could better evaluate the Department's pipeline safety program, I brought both advisory committees into Washington in October. Both committees meet individually on upcoming pipeline regulations and then meet jointly to assist me in an overall re-evaluation of our pipeline safety program. I believe these meetings set an example of how important this type of advice can be to a Government program.

The Gas Committee met on October 30, 1984, to review and approve an amendment concerning pipe bends and to discuss our regulatory projects concerning monitoring external corrosion, class location, welder qualifications and damage prevention.

The Oil Committee met on November 1 to review and approve amendments concerning nondestructive testing of welds and to discuss our regulatory projects concerning recordkeeping and accident reporting. The committee discussed and deferred for later action the issue of rural gathering/intrastate lines since more

cost/benefit information was needed before the NPRM could be evaluated. It was agreed that industry would supply the data to DOT by February and that further discussion of the proposed notice would resume on February 27. Further, the committee held their first joint meeting on October 31. This was the first time either committee had been briefed on our pipeline safety program and budget. In addition, they heard from the U.S. General Accounting Office regarding a report the GAO issued in July stating that improvements were needed in our pipeline safety program. A general discussion by the committee followed regarding general issues raised. It was decided that three members from each committee should form a working group to draft a report to the Secretary addressing the GAO report and the general direction of our program. The group met in Washington on January 10 and worked behind closed doors from 9 a.m. to 6 p.m. They drafted a document which will be discussed, revised if needed and approved at the next meeting—February 28.

The members of these committees are widely respected pipeline safety experts from industry, the Government, and the public sector. They have given a great deal of their time to this pipeline program. The Federal Government pays their travel costs and their hotel and food bills up to \$75/day. Their advice allows us to have a far more effective pipeline safety program. The benefits are worth far more than the relatively few dollars we spend bringing these people together.

As with hazardous materials regulations and enforcement, the Federal/State partnership in the natural gas safety regulatory and enforcement arena has worked

well. Forty-nine States have developed safety programs by adopting Federal pipeline safety regulations and enforcing them with substantially the same sanctions as those employed by the Department. The \$4.5 million being requested is the same level of funding appropriated for FY 1985. Twenty-six of the States are receiving a full 50% of their program costs. Thirty-six states are receiving at least 40% of their program costs. I believe that maintaining assistance at the FY 1985 level will continue the effectiveness of the program.

There has been a change in the way the grant dollars are distributed by DOT that warrants mention. When the Natural Gas Pipeline Safety Act was originally passed in 1968, one of the objectives was to further Federal uniformity in pipeline safety regulations and enforcement. The grant program was set up to encourage the States to adopt and enforce the Federal regulations.

Therefore, there were essentially no strings attached to the grants. Now that 47 States have essentially adopted the Federal regulations, it is felt by many that the Federal Government should set some basic criteria to encourage States to improve their programs.

RSPA, therefore, distributed the \$4.5 million appropriated in 1985 as follows: \$3.5 million was distributed as it has been in the past; the remaining \$1 million was distributed according to the adequacy of the State program. The factors used by RSPA to determine adequacy were participation status, jurisdiction, inspector

qualifications, recommended number of inspectors and recommended number of inspection person-days.

Use of this formula for allocation of grant money has the advantage of encouraging States to upgrade their program. Some would like to see us go further and see to it that Federal dollars are directed at those pipelines likely to present the biggest safety problem. However, RSPA is aware that the more strings, the greater the chance that a State will drop out of the program. Since uniformity is one objective of the Act, it is important to keep the States involved in the program. Still I believe it is time for a move in the direction of using the grant dollars to encourage adequate State pipeline safety programs.

For pipeline safety research and development, the funding level requested is the same as FY 1985. Assessments of the effectiveness of damage prevention programs to alleviate the risks of external force damage and the changes in gas pipeline reporting requirements will continue in FY 1986.

Finally, studies undertaken at the request of Congressional representatives or Committees are summarized as follows:

- (1) Methanol Pipeline Study - Study of issues relating to the transportation of methanol through interstate liquid pipelines. The study examines the economics and engineering of such transportation; and any associated environmental, health and safety problems.

The report on the study has been completed and I expect to forward it to Congress in early April.

(2) Pipeline Safety Testing/Inspection Methods Study - Study of the feasibility of, and costs connected with, requiring various methods of testing and inspecting hazardous liquid pipeline facilities, including new technologies available for monitoring from the outside or the inside the condition of such facilities.

Contacts have been made with other Federal agencies, trade associations, pipeline companies, R&D organizations and equipment suppliers to identify inspection/testing methods which are available. Literature searches and an industry survey have been completed. A February 27, 1985, meeting is scheduled to consult with the Technical Hazardous Liquid Pipeline Safety Standards Committee. A final report is anticipated in July 1985. The report to Congress is due October 11, 1985.

(3) Study to identify and inspect potentially hazardous interstate pipeline transmission facilities constructed before 1940 - One third of completed questionnaires have been received and the balance are expected by mid-April. Inspection of facilities is scheduled for May and June; final report by July.

(4) Study of the alignment of pipeline safety regulatory responsibilities among various levels of government - The study will examine possible additional pipeline activities to be included in a regulatory program; alternative alignments of governmental responsibilities; and legislation and funding of impacts of the alternatives.

A report outline and preliminary draft have been completed and circulated for comment. The final report is scheduled for July.

(5) Study of Hazardous Liquid Storage Facilities - This study will review the safety performance of the facilities incidental to pipeline transportation. The study will examine the potential risks of these facilities not currently regulated under Part 195 to determine if they pose a sufficient threat to warrant regulation.

Storage study questionnaire is being prepared for mailing to sample operators. This study is scheduled for completion in July.

(6) Study to evaluate benefits and costs of establishing a mandatory quality assurance program for interstate pipeline operators - Interstate Natural Gas Association of America (INGAA) members to comment on quality assurance audits. The final report is scheduled for July.

Transportation Systems Center (TSC) - TSC, located in Cambridge, Massachusetts, provides research and policy development for transportation issues for the Office of the Secretary and the DOT modal administrations. The FY 1986 budget would fully staff TSC. No dollar amount is requested because TSC is funded through a Working Capital Fund. This fund is financed through negotiated agreements with the Office of the Secretary and DOT's operating administrations, and other Federal agencies. Last year, TSC funding reached \$115 million. This year, it is expected to go beyond that amount.

Aviation Information Management (AIM) - AIM is a new office within RSPA and

was created as a result of the transfer of certain programs and activities from the sunsetted Civil Aeronautics Board. The resources for the AIM program were not part of DOT's Appropriation Act for FY 1985.

The AIM program provides the data, informational resources and support services necessary for the DOT to make informed and timely decisions concerning airline traffic and industry costs. Current DOT users of the products and services of this aviation information program include: 1) FAA (aircraft loan guarantee, airport development funds allocation, airport policy development, airway facilities requirements forecasting, and safety) and 2) the Office of the Secretary (industry monitoring and international policy development). It is the only government source of information on the economic and operational aspects of the air transportation industry. It also provides significant data about airline capacity and traffic, and industry cost information used by aircraft manufacturers, researchers, academics, air carriers, airports, and the traveling public.

The FY 1986 budget request for the AIM operation funds is \$991,000. The budget request for FY 1986 anticipates elimination of the Essential Air Service Program which would result in the elimination of 10 positions and a savings of \$333,000.

Transportation Safety Institute (TSI) - TSI, located in Oklahoma City, Oklahoma, conducts comprehensive training programs in transportation safety and security for Federal, State, and local government officials involved with all modes of

transportation; e.g., training State truck safety inspectors. The FY 1986 budget request is for two staff positions and the funding for compensating these individuals. No other program dollars are requested. TSI is similar in funding to TSC in that it staffs and funds its program activities through working agreements with the Office of the Secretary, the DOT operating administrations, and other Federal agencies. For example, the training of State motor carrier safety inspectors is funded by the Federal Highway Administration (FHWA).

Office of Emergency Transportation (OET) - OET executes the Secretary of Transportation's responsibilities in the area of civil transportation emergency preparedness. OET prepares, coordinates, and implements all plans, policies, and programs to maintain the state of emergency preparedness. It develops and conducts simulation exercises and courses to address transportation-related problems that would be encountered in a national emergency situation. OET is continuing to develop reliable emergency telecommunication capabilities for the Department to enable continued transportation operations in the event of a war. Another important OET activity is to provide for prompt and effective transportation planning in the event of natural disasters, such as volcanoes and earthquakes, man-made crises, and labor disturbances which adversely impact the nation's civil transportation system.

DOT is requesting FY 1986 operations funds in the amount of \$784,000 to support this activity and research and development funds in the amount of \$285,000.

Telecommunication - RSPA is responsible for coordinating U.S. radio navigation

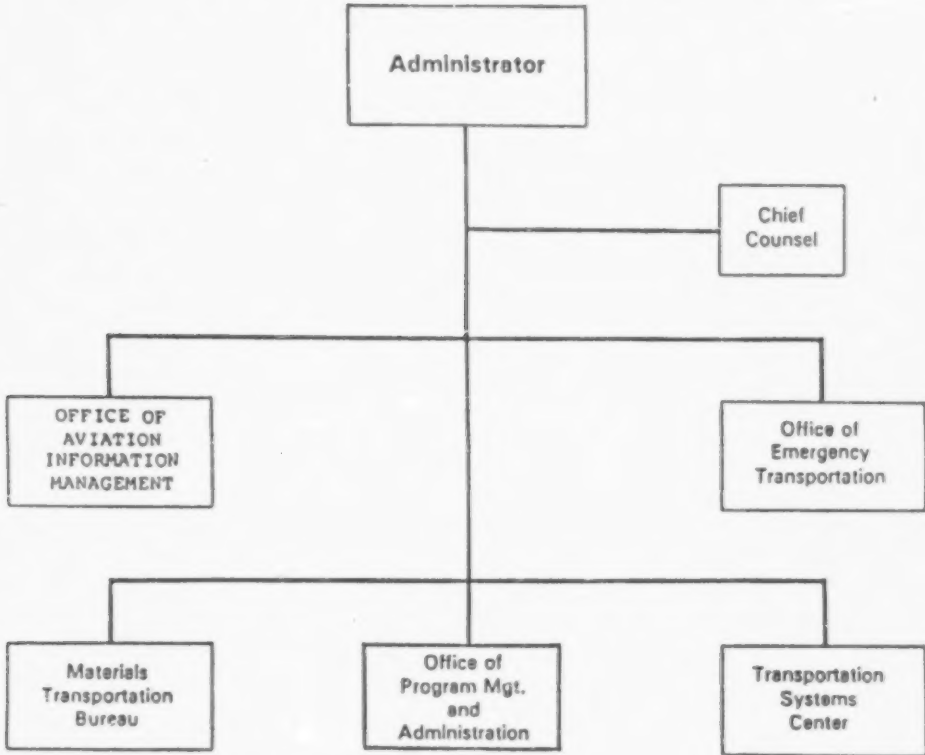
systems; assessing the civil use of the Global Positioning Satellites (GPS) which are currently being used for military navigation purposes and exploring alternatives to GPS for civil use. The DOT is requesting \$635,000 in research and development funding for FY 1986. FY 1985 funding resulted in the completion of data collection and testing for the GPS. FY 1986 funding will emphasize total integration of the system.

Statistics Data and Information - RSPA has the responsibility within DOT for the development, collection, analysis, and dissemination of technological, statistical, economical, safety, and other types of transportation data. The DOT is requesting \$180,000 in research and development funding for this program in FY 1986.

That completes my testimony in support of RSPA's FY 1986 appropriation request.

APPENDIX A

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION



APPENDIX B
SAFETY STATISTICS BY MODE BY REPORTING YEAR

MODE	INCIDENTS											Total
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
Air	137	132	90	130	231	284	233	160	97	66	104	1,753
Highway	7,612	9,881	10,772	14,250	16,568	15,978	14,484	7,704	5,647	4,829	4,207	117,489
Railway	616	676	982	1,500	1,179	1,215	1,327	1,131	831	851	963	11,682
Water	26	32	13	30	47	34	42	7	9	13	11	296
Freight Forwarder	2	6	11	20	5	2	28	58	3	1	7	147
Other	13	12	21	11	0	11	28	38	3	1	7	221
TOTALS	8,428	10,769	17,839	15,930	18,022	17,526	16,115	9,063	6,593	5,761	5,512	131,588

MODE	FATALITIES											Total
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
Air	4	0	0	0	0	0	0	0	0	0	0	4
Highway	18	27	16	31	20	18	17	27	12	8	6	218
Railway	10	0	2	1	26	0	2	0	0	0	0	44
Water	0	0	0	0	0	0	0	0	0	0	0	0
Freight Forwarder	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	32	27	18	32	46	18	19	27	12	8	7	267

MODE	INJURIES											Total
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
Air	3	4	4	9	43	13	4	7	0	0	12	111
Highway	281	487	617	507	594	457	481	397	93	122	140	4,751
Railway	546	96	198	233	482	228	129	221	34	69	69	2,509
Water	17	2	1	0	10	1	1	0	0	0	18	54
Freight Forwarder	4	13	0	0	1	0	2	0	0	0	3	24
Other	0	31	0	0	1	2	2	18	0	0	0	86
TOTALS	903	633	820	749	1,130	941	622	643	130	191	242	7,535

MODE	DAMAGES (\$'s)											Total
	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	
Air	4,311,704	5,139	20,312	28,686	6,836	30,312	12,546	6,660	28,001	51,375	554,326	5,265,863
Highway	4,274,156	5,602,616	5,674,363	8,624,651	11,255,906	8,925,289	7,323,628	12,673,481	11,409,130	9,052,062	13,352,817	102,994,259
Railway	11,963,113	1,481,993	2,294,633	7,815,243	6,848,364	5,781,500	2,834,030	2,632,827	4,083,195	2,590,747	3,376,817	51,746,179
Water	20,117	6,231	3,270	18,258	17,912	30,344	507,427	33,065	30,000	80,038	613,517	1,290,230
Freight Forwarder	0	3,263	405	351	160	0	100	6,500	33	16,288	10,023	21,219
Other	13,023	112	3,288	9,700	0	5,100	29,366	69,108	200	16,288	875	182,393
TOTALS	21,216,139	7,103,628	7,999,173	16,500,889	18,133,176	16,772,543	10,707,037	15,461,621	15,530,561	17,791,572	17,868,875	164,660,681

APPENDIX C

National Hazardous Materials Transportation Advisory Committee

Membership Roster

Mr. Frederic E. Allen, Jr.
Director of Equipment and Transportation
Safety

Materials and Logistics Department
E.I. Dupont de Nemours & Company

Mr. Edward D. Olmo
Manager, Land Transportation
Shell Oil Company

Mr. Thomas S. Carter, Jr.
Chairman and President
The Kansas City Southern Railway Company

Mr. James M. Davis, Jr.
Senior Vice President
Carolina Power and Light Company

Mr. John F. Grimm
President, O'Boyle Tank Lines, Inc.

Mr. Stephen W. Ballou
Executive Director, Iowa Department of
Water, Air and Waste Management

Captain Richard F. Landis
Arizona Department of Public Safety

Mr. Raymond D. Scanlon
Administrator of Safety Programs
Port Authority of New York & New Jersey

Ms. Mary L. Thompson
New Mexico Legislator

Ms. Nancy J. Brown
Township Trustee
Oxford Township

Chief Edward A. Donaldson
Metro-Dade County Fire Department

Ms. Barbara E. Sonnenberg
Chairperson, City Council
Memphis, Tennessee

Honorable Minette C. Trosch
Mayor of Charlotte, North Carolina

Mr. Louis J. Amabili
Director, Delaware State Fire School

Mr. R. V. Durham
International Brotherhood of Teamsters

Ms. Mary Sherwood Holt
Newport News, Virginia

Mr. Ken Kamlet
Director of Pollution and
Toxic Substances
National Wildlife Federation

Mr. Robert D. Vessey
Director of Disaster Operations
American Red Cross

Mr. Herman W. Andre
Lafayette, Indiana

Mr. Gene T. West
Senior Vice President
Consolidated Freightways, Inc.

APPENDIX D-1

SUMMARY OF GAS PIPELINE ACCIDENTS AND CASUALTIES REPORTED FROM 1974-1984 AS REQUIRED BY 49 CFR PART 191

Report Year	Distributions			Transmissions and Gathering			Total		
	Fallouts	Fatalities	Injuries	Fallouts	Fatalities	Injuries	Fallouts	Fatalities	Injuries
1974	1,017	20	314	460	4	20	1,477	24	334
1975	979	8	220	394	6	17	1,373	14	237
1976	1,036	53	319	343	10	47	1,579	63	366
1977	1,530	29	420	466	7	30	1,996	36	450
1978	1,555	20	320	333	11	86	2,081	31	406
1979	1,520	33	313	450	12	93	1,970	45	406
1980	1,467	9	269	329	2	41	1,996	11	310
1981	1,128	10	73	495	6	6	1,623	16	79
1982	1,191	20	225	320	11	41	1,711	31	266
1983	1,127	10	220	453	2	25	1,590	12	245
1984	789	23	161	360	9	39	1,668	32	300

APPENDIX D-2

SUMMARY OF LIQUID PIPELINE ACCIDENTS AND CASUALTIES FROM 1974 to 1984

Report Year	Failures	Fatalities	Injuries	Total Commodity Loss (bbl)
1974	256	10	6	292,001
1975	254	7	17	318,278
1976	212	5	4	249,690
1977	237	3	15	224,794
1978	256	3	10	280,794
1979	251	4	13	548,669
1980	219	3	12	289,445
1981	239	5	32	214,384
1982	200	1	6	221,411
1983	161	6	9	384,670
1984	203	0	19	292,126

BIOGRAPHICAL SKETCHES

M. CYNTHIA DOUGLASS, ADMINISTRATOR
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Ms. Douglass has served as the Administrator of the Research and Special Programs Administration since April, 1984. She was formerly Majority Counsel with the Senate Commerce, Science and Transportation Committee.

Ms. Douglass joined the Commerce Committee as Minority Counsel in 1976. In 1981, she was appointed Majority Counsel with the Committee, where she was responsible for motor carrier economic and safety policy, pipeline safety, economic policy for oil and coal slurry pipelines and motor vehicle and highway safety policy.

Prior to joining the Commerce Committee, Ms. Douglass served as a law clerk to the Attorney General of Kansas from 1974 to 1976. During this period, she also worked in Topeka, Kansas, as a legal intern with the Shawnee County District Attorney.

Ms. Douglass is a native of Shawnee Mission, Kansas. In 1972, she received a Bachelor's Degree in Political Science from the University of Kansas and, in 1976, a law degree from the Washburn University School of Law.

LEON D. SANTMAN, DIRECTOR, MATERIALS TRANSPORTATION BUREAU
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Lee Santman is the Director of the Department of Transportation's Materials Transportation Bureau. The Bureau establishes and oversees enforcement of national safety standards governing the transportation of hazardous materials, and pipeline transmission and distribution of oil and gas. Before assuming his present position, he was in charge of providing legal counsel and services to the Bureau, as well as to the DOT's deepwater ports program.

In addition, Mr. Santman has served the Department of Transportation as an Assistant General Counsel handling, at various times, regulatory matters, litigation and legislation. During the wage and price control days of 1972 through 1974, he was with the Economic Stabilization Program as Deputy General Counsel of the Price Commission and later as Associate General Counsel for the Cost of Living Council.

Mr. Santman was graduated from the U.S. Coast Guard Academy after which he served the Coast Guard in a wide range of engineering, marine safety and legal assignments. He holds law degrees from the University of Houston and George Washington University.

LOUIS W. ROBERTS, ACTING DIRECTOR, TRANSPORTATION SYSTEMS CENTER

Louis W. Roberts is Acting Director of the Transportation Systems Center (TSC), the U.S. Department of Transportation's Research and analysis facility for air, highway, rail, pipeline, and marine transportation. He was named to this office by the Research and Special Programs Administrator in October, 1984.

Mr. Robert joined TSC when the Center opened in 1970. In his 14 years at TSC, Mr. Roberts has held most of its top managerial positions including that of Deputy Director; Director of the Office of Technology, Energy and Environment, Director of the Office of Operations Engineering; Director of the Office of Data Systems; and Director of the Office of Administration. Before joining TSC, from 1966 to 1970, he was chief of the Optics and Microwave Laboratory at the Electronics Research Center of the National Aeronautics and Space Administration (NASA). Prior to joining NASA, he had extensive high-tech and R&D experience throughout the 1950's and 1960's in positions at Massachusetts Institute of Technology (M.I.T.), Sylvania Electric, Bomac Laboratories, and as a founder and president of Microwave Associates, located in Burlington, Massachusetts.

Mr. Roberts was graduated from Fisk University, received a M.S. degree from the University of Michigan, and completed additional studies at the University of Michigan and M.I.T. Before turning to business and government, he was a professor of physics and mathematics at St. Augustine's College in Raleigh, North Carolina.

ROBIN A. CALDWELL, DIRECTOR
OFFICE OF AVIATION INFORMATION MANAGEMENT
RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Mr. Caldwell is in charge of aviation information program activities transferred to the Department of Transportation from CAB beginning January 1, 1985. These activities provide the DOT with a body of economic facts about the financial and statistical results of air carrier operations. The facts are used in decisions in a variety of DOT air transportation programs. The functions include data requirements analysis, data collection and data processing.

Mr. Caldwell previously held responsible aviation information management positions with the Civil Aeronautics Board for 19 years. He was Chief, Information Management Division from 1979 through CAB's 1984 sunset. In this capacity he led the Board's reduction of its aviation data collections in view of deregulation. From 1975 to 1978 Mr. Caldwell was Assistant Director, ADP Planning for CAB's Bureau of Accounts and Statistics. He was Chief of CAB's Data Processing Division from 1966 to 1975.

Prior to joining CAB Mr. Caldwell held systems engineering and management analyst positions with the International Business Machines Corp., the National Institutes of Health, and Minneapolis Honeywell Corp.

Mr. Caldwell is a 1961 graduate of the University of Maryland with a BS in Education for Industry.

METHYL ISOCYANATE [MIC]

Senator ANDREWS. You touched briefly on the tragedy of India. And, of course, that dealt with MIC. The recommended emergency action contained in the 1984 Emergency Response Guidebook for methyl isocyanate doesn't specifically recommend isolation and evacuation distances, as it does for many other poisonous substances.

In fact, the emergency action we find is the same as for a spill for methanol, also known as wood alcohol, a rather harmless substance unless you ingest it. But isolation for half a mile is indicated only in the case of a truck being involved in a fire.

Do you think these precautions are adequate in light of the deaths caused by MIC in Bhopal?

Ms. DOUGLASS. Well, I do think that they are adequate. The Emergency Response Guidebook has generally received—and I know you are asking a specific question—but it has generally been very well-received and very, I think, helpful.

Naturally, when that incident occurred, I grabbed my Emergency Response Guidebook, and Lee Santman, who is the Director of Materials Transportation Bureau came down to the office, and we talked about it. Lee's feeling was that the Emergency Response Guidebook was accurate and would be helpful.

Maybe Lee should comment.

Senator ANDREWS. In the case of leaks and certain other products that may be fatal if inhaled or swallowed or absorbed through the skin, evacuation of areas endangered by gas is indicated; yet this isn't the case for MIC. Shouldn't the RSPA's guidebook direct evacuation for spills of MIC?

Ms. DOUGLASS. If we were going to make a change like that we would need to fully analyze the change. I would definitely want our guidebook to give the best information for response that it possibly can.

But I am not a chemist or a health physician or an expert in characteristics of toxic substances. I don't know the exact answer.

Senator ANDREWS. Well, I am not either. I just had my staff look at what you do with various substances, and I find that you have MIC classified almost as though it were methanol. And you do classify a number of others as being a problem.

Mr. SANTMAN. There are a couple considerations there, first of all. Page 30 of the guide is the one you are directed to for methyl isocyanate. And the instructions that are given there do alert one that, first of all, it is poisonous and may be fatal if inhaled. The kind of instructions that are given there are the various commodities that are covered by that page.

In the peer review that has been done by fire service people, first edition, second edition of this, those instructions are adequately suited, are properly suited to methyl isocyanate. I think the reference that your staff may have is to the evacuation table that is in the back of the book that supplements those instructions.

The evacuation table lists, I believe, about 35 commodities that are frequently moved in bulk amounts by transportation. It is not as complete, does not give evacuation distances for all 1,600 to 1,800 commodities that are covered by the individual pages of the book. And it is entirely appropriate that methyl isocyanate be considered as a candidate for specific injury on that page along with acryline and acrylnitrile and some of the others.

There are commodities such as parathion, for example, that does not appear on that evacuation table page. But that is not because it is not a very dangerous and poisonous substance. It is primarily because it does not move in large bulk amounts.

The evacuation table covers two pages in the back of this book. And in addition to the instructions on the page, it is our assessment that the instructions on page 30 are properly suited, and the precise advice that we would give today to someone saying I have a problem here with methyl isocyanate.

[Pause.]

Senator ANDREWS. My apologies. I had Senator Warner and Senator Zorinsky on the line on a matter that is on the floor right now. So you know how that goes.

NATURAL GAS HAZARDOUS LIQUIDS PIPELINES

Let me—and I appreciate that answer—but why do you state on page 13 of your testimony that the safety record for pipeline transportation of natural gas and hazardous liquids is very good, when 1984 fatalities are almost three times the 1983 level for gas pipelines? In addition, for liquid pipelines the number of injuries in 1984 doubled, and total failures are up 26 percent.

Ms. DOUGLASS. I feel that if one looks at our pipeline safety program and one looks at the number of miles of gas pipelines that are out there, one looks at the overall trends that have occurred in the last 5 years, and one can see that the trends are down. Then one evaluates whether our program could have had any impact on those 35 fatalities, one will agree the program and record is good.

Generally in the gas area, the number of failures of gas pipelines have gone down. They are down this year. Accidents do occur. And in evaluating the reasons for these accidents we did not feel that the 35 was particularly significant in the sense of going from 12 to 35. There was outside damage in most cases. I think 9 of the deaths were a result of pipelines being repaired. It wasn't a failure in the sense that the pipeline failed. There wasn't a violation of our regulations.

So that is why I feel that the record is very good in our country. I am not saying that 35 deaths is acceptable, I want to do everything we can to reduce it to the extent possible. But there are going to be times—I would say that seven deaths in hazardous materials transportation, that is a very good record—but I would say that when we get to a certain level of safety, we are going to see a varying in the numbers. I cannot always assure that there are going to be seven accidents, no matter how good our hazardous materials transportation is.

There were zero deaths in the oil pipeline area, and that is an excellent record. Yet, I can't guarantee that record next year. I certainly can't say that spending more money is going to result in a better situation with regard to deaths and injuries. I feel like overall, if you look at the statistics, everything is generally down. I mean in the oil pipeline area, actually there are fluctuations; deaths are down; injuries are up a little bit. There were 19 injuries instead of, I think, 9 last year.

But overall, I think that in the gas area, our pipeline safety program has been very effective, and in the oil area, the record is just very good. I believe in both pipeline programs as improving safety in our country. But I think we are doing a very good job right now.

Senator ANDREWS. When will fiscal year 1986 authorizing legislation be submitted for the National Gas Hazardous Liquid Program?

Ms. DOUGLASS. Very shortly.

Senator ANDREWS. A week, 2 weeks, a month, 2 months?

Ms. DOUGLASS. Oh, probably a week to 2 weeks.

Senator ANDREWS. OK. Can you supply for the record the major components of that legislation?

Ms. DOUGLASS. Yes; you want me to supply that for the record?

Senator ANDREWS. The major components of that legislation.

Ms. DOUGLASS. Yes; absolutely.

[The information follows:]

Our authorization bill for natural gas and hazardous liquid pipeline programs, which will be transmitted soon to the Congress, features as its key component a proposal to merge the grant-in-aid programs prescribed in the Natural Gas Pipeline Safety Act of 1968, and the Hazardous Liquid Pipeline Safety Act of 1979. The two principal impacts of the merger would be to:

Allow States to direct their Federal grant dollars to those pipeline problems which demand the greatest attention.

Enable us to meet both the wishes of Congress as expressed in the HLPSCA, and our administrative needs by providing a unified approach to the operation of substantially identical programs.

Senator ANDREWS. We understand there are considerations being given to merging these two.

Ms. DOUGLASS. Yes; we are considering that.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much, Madame Administrator. I have a number of questions that we will ask for the record, as does Senator Chiles.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

BHOPAL, INDIA AND MEXICO CITY DISASTERS

SENATOR ANDREWS: It is my understanding that the regrettable disasters in both Bhopal, India and Mexico City occurred in types of facilities not covered by Federal regulations. In particular, our Pipeline Safety Program and our Hazardous Materials Program do not regulate manufacturing facilities such as the Union Carbide facility at Bhopal nor do we regulate liquefied petroleum gas (LPG) storage facilities such as the one that burned in Mexico City. While these facilities would not have been covered in the U.S., did you learn anything from the accidents that can help improve safety in the U. S.?

ANSWER: Although the accidents in Bhopal and Mexico involved storage and manufacturing facilities which in this country are not subject to DOT regulation, we have examined the information available about them for their relevance to our safety programs. We sent a pipeline inspector to Mexico City but he was not able to find out enough information on the accident to draw any conclusions. RSPA is conducting a study of liquid storage facilities which are incidental to pipeline transportation. With specific regard to the Bhopal tragedy, it helped to heighten our awareness of the need to provide accurate hazard classification identification, and to adopt operating rules that deal effectively with these hazards. Accordingly, we isolated for special consideration one aspect of a rulemaking already then in progress that will address the inhalation hazard of methyl isocyanate and make more stringent those operating rules applicable thereto. We know that massive releases of LPG and toxic materials can result in wide ranging devastation and these accidents have served to emphasize the importance of our considering the potential consequences of accidents in the administration of our programs.

MEXICO CITY DISASTERS

SENATOR ANDREWS: Currently Liquefied Natural Gas (LNG) storage facilities are regulated while LPG facilities are not. Should LPG facilities be covered, in light of the Mexico City disaster?

ANSWER: RSPA pipeline safety inspectors have not been allowed full access to the Mexico City facility or the accident data collected and thus do not have sufficient information on the recent Mexico City accident to determine the extent to which existing Department regulations would apply to a similar facility in the United States. The Department's safety standards for hazardous liquid pipelines currently apply to LPG storage facilities that are used as breakout tanks during the course of interstate pipeline transportation. The Department intends to extend the standards to intrastate pipeline facilities including LPG breakout tanks in the near future. Current available accident data for highly volatile liquid storage, which includes LPG, indicate that the existing standards are adequate.

Current pipeline safety standards do not apply to LPG storage facilities which are part of the production or refining process

or to those which are at the end of transportation (terminal storage). The former are excluded from regulation by the statute itself. The latter could be regulated if the Department were to determine that there exists a need to regulate. At this point, based on its experience with highly volatile liquid storage, the Department sees no immediate need to regulate LPG terminal storage which is much less connected to the process of pipeline transportation than breakout tanks. However, to gain a more thorough understanding of possible terminal storage problems, the Department has initiated a study of the risks of all hazardous liquid pipeline terminal storage. The study is expected to be completed in CY 1985.

BHOPAL

SENATOR ANDREWS: What changes in current regulations and the Emergency Response Guidebook are being made in view of the disasters?

ANSWER: No immediate changes are being made. We did, however, issue a Notice of Proposed Rulemaking (HM-196), on February 7, 1985, that proposes special packaging and more stringent placarding requirements for certain poisonous liquids based on their potential inhalation hazards. RSPA believes there are deficiencies in the packagings presently specified for such materials when they become authorized by reference to "not-otherwise-specified" packaging sections. This rulemaking is intended to establish a higher level of safety for the transportation of toxic liquids that pose serious inhalation risks. The emergency response information presented in the 1984 Emergency Response Guidebook (ERG) for liquefied petroleum gas and materials such as methyl isocyanate is valid for the intended purpose of the ERG. We have a continuing review process for the ERG which involves representatives of the emergency services, industry, and other government agencies. Between 1981 and 1984, five meetings were held to review the ERG based on correspondence received and views of the various representatives at the meetings. This process is again being initiated for consideration of changes that would be included in the 1987 edition.

SENATOR ANDREWS: NTSB, in a December 19, 1984, letter to Administrator Douglass, urged that, as a priority action, MTB identify those materials, such as MIC, that can pose life threatening hazards to the public. According to a February 1, 1985, letter from the Secretary to Representative Florio on MIC transportation, you are and have been devoting significant resources to this effort. The Secretary states work began on reexamining the classification of the flammable liquids class in 1982. Have you completed reexamination of the classification of all materials in the flammable liquids class? If so, would you provide for the record the materials reclassified and any proposed regulatory changes?

ANSWER: The letter from the Secretary to Representative Florio made reference to revisions to our classification regulations, not to the specific identification of materials that would fall under revised classification criteria. This distinction is important.

Because it would be impossible for us to evaluate the thousands of materials (including mixtures and formulations) introduced into

commerce on an individual basis, our regulatory program must be based on defining criteria which industry must follow in order to determine if their materials are subject to our regulation. Under a Notice of Proposed Rulemaking HM-181, issued in 1982, the Department solicited comments on the proposal to revise hazard class definitions and packaging requirements. Since HM-181 is still under development, we have not yet determined which materials may be affected or which changes in classifications will be made.

The recently published HM-196 is also based on criteria rather than identifying specific materials and addresses volatile liquids that pose significant inhalation risks.

SENATOR ANDREWS: If the reclassification has been high priority work since 1982, why was only \$60,000 requested for R&D on hazard class definitions in FY 1985, the same as FY 1984, since clearly the work had not been completed at the beginning of 1985? Is the \$85,000 requested for FY 1986 adequate to complete the work?

ANSWER: The requested funding is adequate to support this in FY 1986. In my testimony before the committee, I stated:

"With regard to the tragedy in Bhopal, India, the Materials Transportation Bureau undertook an intensive re-evaluation of our rulemaking priorities and as a result of that, we decided to expedite rules that have been under active consideration for some time..... The other rule that we have expedited relates to performance-oriented packaging standards. The rule is extremely complex and is going to take some time to complete. Rulemaking actually began in 1982 and an NPRM, Notice of Proposed Rulemaking, is expected to be released in June of this year and the final rule is anticipated in December, 1986."

We have requested \$85,000 for R&D and believe this is adequate to support the rulemaking.

The classification work primarily involves evaluation of newly proposed criteria coming from international standards and industry or recommended for consideration by our technical staff. Currently, we are attempting to develop appropriate classification criteria for the flammable solid and oxidizer classes. It has been a difficult task to establish enforceable testing criteria that are reproducible and properly address the kinds of materials that may pose an unreasonable risk to health, safety and property. There is a continuing need to examine our classification criteria to account for new methods and adjustments demonstrated to be necessary.

SENATOR ANDREWS: Your justification states that continual development of new materials makes hazard class definition testing an ongoing activity. What portion of this testing has been devoted to testing new materials and what portion to determining the adequacy of existing classifications?

ANSWER: It is not that we conduct tests of individual items of materials but that we establish criteria against which the industry can evaluate/test the material and under which the material is classified. Toward that purpose, practically all of our resources have been applied to evaluating existing classification criteria, developing testing methods and establishing criteria for hazard class definitions. We do not routinely test specific materials to determine their classification. However, in cases where a hazard class is in dispute, usually as a result of an incident, or where a commodity has caused the packaging to fail, testing of specific materials is carried out.

SENATOR ANDREWS: The NTSB states that Union Carbide has more stringent shipping regulations for MIC than the Federal Regulations require. I understand you are proposing a rulemaking to tighten these regulations. Are there other materials where industry standards are more stringent than Federal requirements? Could you provide a list of them for the record?

ANSWER: We do not maintain a list of industry practices or standards which are more stringent than what is required under the Hazardous Materials Regulations. Because those regulations establish minimum safety requirements, we expect that in many instances, many members of industry in fact, operate under stricter self-imposed requirements for a variety of reasons (e.g., insurance requirements, nature of their business, civil liability, availability of containers).

With regard to methyl isocyanate, our rulemaking to recognize its inhalation hazard (in addition to its flammability) will result in enhanced hazard communication as well as use of containers better suited to its most significant hazard. This rulemaking, as is the case with practically all of our rulemakings, will rely heavily on information provided by industry on the nature of the hazards and the containment and information systems necessary to keep those hazards within acceptable limits during transportation.

PIPELINE SAFETY PROGRAM

SENATOR ANDREWS: Last year, Congress increased your request for state grant-in-aid to the Pipeline Safety Program by \$1 million, so as to support increased safety activities and to encourage states to remain in the program. With these additional funds, are states continuing to consider dropping out of the program?

ANSWER: The 1985 increased funding has improved the strength of state programs. We are not aware of any states, other than Idaho, taking steps toward withdrawal from the program. Idaho did withdraw from the program in 1984 but our understanding is that it was not because of the Federal allocation but due to the retirement of Idaho's only pipeline inspector and a determination that a pipeline safety program was not desired at this time in Idaho. Idaho has relatively few natural gas pipelines.

HAZARDOUS MATERIALS FOUNDATION

SENATOR ANDREWS: Why do you feel the private sector should establish a "Foundation" to plan for and respond to hazardous materials emergencies?

ANSWER: Basically all constituencies of the Federal hazardous materials program agree there is a need for an improved emergency response program. This constituency includes the hazardous materials industries and the State and local governments, as well as public sector organizations. The question becomes what is the quickest, most efficient and least costly way to achieve these goals.

Many different ideas have been put forth, including the establishment of regional training centers, user fees for training

and increased funding to States for attending Federal training programs.

In evaluating these legislative approaches, it is evident that the costs for training are substantial; that the federal and state treasuries are unlikely sources of revenue and that since this is an industry-caused problem, it is appropriate that the hazardous materials transportation industry fund the training. If it is accepted that industry is the most likely funding source, the next question is how is the money collected and how should it be allocated?

There are two alternatives: (1) Legislation establishing a user fee collected by a government source and allocated by that source. Such legislation will be difficult to draft because all industries theoretically should pay their fair share. Further, most such formulas will be very difficult to administer. Additionally, it will be necessary to fairly allocate the dollars to the States and localities based on need. It is likely that regulations would need to be promulgated and adopted setting out how a State or City would qualify for funds; how much the city would receive; and what the money would be spent on. Obviously, any such program is going to take a substantial amount of time to set up and is going to require an increased number of federal staff to carry out. (2) Establishment by the private sector of a foundation such as described in RSPA's testimony. This foundation would be far easier to administer because funding would be acquired through voluntary contributions. Further, these commitments could be made within the next six months and dollars could be issued to States and localities at least one and possibly two years before any federal user fee program. Further, a private sector initiative would allow far more flexibility and creativity in dealing with the training problems. Such a foundation is likely to result in far more coordination of present industry training programs and can be more flexible in meeting local needs. Local communities benefit from this increased flexibility and will begin receiving the training desired at an earlier time.

SENATOR ANDREWS: How would the \$10 million be collected?

ANSWER: The Foundation would receive funds for its start-up and initial organization and operation from the subscriptions of those industry participants who would constitute the initial charter members. Subsequent funding would come from industry-wide subscriptions (as well as other private sector donors, such as trade associations and public interest groups).

SENATOR ANDREWS: Have you any commitment from industry to provide that level of support?

ANSWER: Initial discussions of this concept with major producers and transporters of chemicals, hazardous waste processors, and trade association officials support the belief that \$10 million for each of three years is a realistic and achievable goal. Of course, funding is dependent on the commitment of resources from all segments of the hazardous materials transportation industry. No one segment wants to be in the position of "going it alone."

SENATOR ANDREWS: Is legislation necessary to implement this initiative?

ANSWER: No. This is one of the reasons why the concept is attractive.

SENATOR ANDREWS: What Federal savings would be realized by this approach? How would the Federal government oversee the adequacy of hazardous material response preparedness?

ANSWER: It is more a matter of Federal expenditures that could be avoided rather than savings from current Federal expenditures. The cost of various legislative proposals depends on the level of commitment desired, who pays (industry, federal or state governments) and what is funded (i.e., planning, training, equipment). The Foundation would be a more efficient alternative for the various legislative proposals which would have a user charge or tax on the hazardous materials industry collected by the Federal government and disbursed by it to qualified state and local governments. Under the Foundation concept, Federal representation on the Foundation's Board of Directors and a mandatory assessment of its performance within a specified time would provide the Federal government with the means for determining how well the Foundation was achieving its purpose of improving emergency preparedness.

GRANT-IN-AID

SENATOR ANDREWS: RSPA distributed \$1 million of the grant-in-aid funds according to the "Adequacy of State Program" (p. 18, Testimony). Would you provide for the record a list of those states with inadequate programs?

ANSWER: There are no inadequate state programs. Five states fully met the participation criteria we established for the grant allocation process (New Mexico, Tennessee, Utah, Vermont, and West Virginia). The other states have not fully met one or more of the five participation criteria: (1) participation under a 5(a) certification or 5(b) agreement, (2) jurisdiction, (3) inspector qualifications, (4) ratio of the number of inspectors to the recommended number of inspectors, and (5) the ratio of inspection person-days to the recommended number of person-days. A list of those states, with the criteria that were not fully met indicated by an "X", are attached.

State	5(a) 5(b)	Jurisdiction	Inspector Qualif.	Ratio No. Insp. to No. Reco. Insp.	Inspection Person-Days to Recom'd. Inspection Person-Days
Alabama			X		
Arizona			X		
Arkansas			X		
California		X		X	X
Colorado					X
Connecticut					X
Delaware	X	X			
Florida S. Treas.			X	X	
Georgia		X	X		
Hawaii		X	X		
Illinois			X		
Indiana			X	X	X
Iowa				X	X
Kansas		X	X		
Kentucky		X			
Louisiana		X		X	
Maine		X			X
Maryland		X	X	X	X
Massachusetts	X	X	X	X	X
Michigan				X	
Minnesota		X		X	X
Mississippi			X		
Missouri		X			X
Montana		X		X	X
Nebraska		X	X		
Nevada		X			X
New Hampshire					X
New Jersey	X	X			
New York		X		X	
North Carolina		X			
North Dakota					X
Ohio		X	X		
Oklahoma		X			
Oregon		X			
Pennsylvania		X			
Rhode Island			X		
Texas			X	X	
Virginia		X		X	X
Washington		X			
Wisconsin		X			X
Wyoming		X			
Dist. of Col.		X	X		
Puerto Rico			X		

SENATOR ANDREWS: Do you make any efforts to provide additional Federal inspections in those states with inadequate programs?

ANSWER: The Regional Chiefs evaluate each state program each year. When a state needs additional assistance, the Chief spends more time with the state inspectors discussing their program, inspection procedures, and other safety issues. He may return to the state to assist with the development of the program if it appears that such visits would be useful.

SENATOR ANDREWS: Your determination of adequacy is based partially on the recommended number of inspectors and recommended number of inspection person-days. Does RSPA make these recommendations to the states? On what basis? Would you provide for the record these recommendations and the actual numbers?

ANSWER: RSPA's allocation formula was changed in FY 1985 for the distribution of the \$1 million which was appropriated over and above the \$3.5 million requested by the Administration. It was decided that a new formula should be developed to encourage states to take on more responsibility and improve their programs. This formula is based partially on a recommended number of inspectors and recommended number of inspection person-days. RSPA informed each state of its recommendations. I have attached a copy of the letter to each state discussing this allocation formula. This formula is undergoing internal review and will be fine tuned to assure that RSPA is not overstating or understating each state's need for a reasonable pipeline safety program. RSPA believes a refined allocation formula which accurately reflects each state's risk and achieves pipeline safety objectives under the Act will assist in overall program management.

A list of the number of recommended inspector person-years and the number of actual inspector person-years the states devoted to inspection in 1984 are given below. The numbers are reflective of the present extent of the state jurisdiction over intrastate operators.

<u>State</u>	<u>Recommended Inspector Person-Years (2 7-85)</u>	<u>1984 Inspector Person-Years</u>
Alabama	6	6
Arizona	5	4.17
Arkansas	3	2.81
California	7	4.00
Colorado	2	2.00
Connecticut	2	1.44
Delaware	.5	.13
Florida PSC	5	2.90
Florida S. Treas.	3	.60
Georgia	3.2	3.20
Hawaii	1	.60
Illinois	7	6.20
Indiana	2	2.00
Iowa	4	2.75
Kansas	4	4.00
Kentucky	4	3.25
Louisiana	5	7.00
Maine	.5	.50
Maryland	2	.90
Massachusetts	4	3.66
Michigan	4	3.00
Minnesota	3	3.00
Mississippi	4	3.25
Missouri	5.25	5.25
Montana	1	.50
Nebraska	3	1.75
Nevada	1	.80
New Hampshire	1	1.00
New Jersey	4	4.55
New Mexico	3	3.00
New York	10	18.50
North Carolina	2.5	2.33
North Dakota	1	.55
Ohio	6	6.50
Oklahoma	4	3.25
Oregon	1	1.00
Pennsylvania	6	5.40
Rhode Island	2	2.42
South Carolina	2.5	2.80
Tennessee	5	5.00
Texas	21	26.40
Utah	1	.95
Vermont	1	.30
Virginia	2.5	1.19
Washington	2	.80
West Virginia	4	3.40
Wisconsin	4	2.61
Wyoming	2.4	2.40
Dist. of Col.	1	1.00
Puerto Rico	1	1.90
TOTAL	187.85	172.91

SENATOR ANDREWS: You state (p. 18-19, Testimony) "Some would like to see us go further and see to it that Federal dollars are directed at those pipelines likely to present the biggest safety problem". Why do you feel Federal dollars should not be so directed?

ANSWER: We are certainly moving in that direction but there are other factors to take into account as well. First, one of the objectives of the grant-in-aid program is to encourage states to adopt the Federal regulations and enforce them. Therefore, our allocation formula must not be so cumbersome or come with so many "strings attached" that states begin dropping out of the program. In fact, the states would point out that the state is the best determiner of how to direct dollars for the greatest safety benefit.

Second, although it has been suggested that grant monies be directed solely toward the inspection of high risk operators, to do so would be at the expense of other operators. We consider certain situations to be of greater potential risk than others and both the Federal and state inspectors prioritize their inspection activity accordingly, but not to the neglect of a fully comprehensive inspection program. Without proper operating procedures and maintenance, all gas systems pose a potential risk to some extent.

RSPA's attempt to refine the allocation formula, while stimulating state interest and discussion, appears to have state support.

SENATOR ANDREWS: Which states have instituted either cost-sharing or user fees? How can such efforts be encouraged by the Federal Government?

ANSWER: Ten states--Alabama, Arkansas, Kansas, Mississippi, Nebraska, New Hampshire, Oklahoma, South Carolina, Tennessee, and West Virginia--have a user fee or assessment where funds are specifically allocated for the natural gas pipeline safety program. One state, California, has a user fee for the intra-state hazardous liquid pipeline safety program.

The Federal government could encourage state user fees through financial incentives to states or by providing legislative drafting assistance or by simply providing information on how various state user fees are working.

The GAO is presently studying the feasibility of implementing user fees for the interstate pipeline companies as a way of financing the pipeline safety program.

SENATOR ANDREWS: Please provide a comparison between grants (made and planned) for FY 1984, 1985, 1986, and state spending for those years as available, and break out the distribution of the additional \$1 million in FY 1985.

ANSWER: Information on state spending in 1984 is not yet available. A list of 1984 and 1985 allocations (with a break out of the 1985 two-part allocation) and 1986 estimated allocations is provided below:

1984-1986 GRANT ALLOCATIONS

STATE	1984	1985			ESTIMATED 1986
		PRIMARY ALLOC.	SECONDARY ALLOC.	TOTAL ALLOC.	
AL	101,408	104,588	37,628	142,216	144,518
AZ	102,252	109,415	30,787	140,202	142,510
AR	64,730	52,934	18,923	71,857	71,857
CA	105,385	96,596	15,393	111,989	114,260
CO	59,272	53,540	18,115	71,655	71,655
CT	50,706	47,248	14,252	61,500	61,500
DE	9,786	9,190	1,330	10,520	10,520
FL	41,571	36,862	9,224	46,086	46,086
GA	76,091	69,425	20,525	89,950	92,210
HI	12,053	10,920	1,580	12,500	12,500
ID	19,312	-0-	-0-	-0-	-0-
IL	101,188	93,285	37,628	130,913	133,210
IN	53,009	52,984	16,941	69,925	69,925
IA	59,604	52,207	16,693	68,900	68,900
KS	75,091	71,015	27,366	98,381	100,660
KY	102,994	96,249	22,235	118,484	120,760
LA	121,628	147,233	25,654	172,887	175,160
ME	10,872	11,684	1,691	13,375	13,375
MD	29,581	28,242	5,725	33,967	33,967
MA	61,093	77,269	11,973	89,242	91,510
MI	75,933	66,777	29,370	96,147	96,147
MN	58,875	65,194	28,674	93,868	93,868
MS	82,417	69,284	30,473	99,757	99,757
MO	82,763	79,277	27,366	106,643	108,910
MT	18,094	35,836	8,384	44,220	44,220
NE	46,742	44,944	12,766	57,710	57,710
NV	29,965	22,514	4,225	26,739	26,739
NH	28,773	27,592	5,593	33,185	33,185
NJ	98,451	90,382	20,525	110,907	113,210
NM	70,580	77,537	39,338	116,875	118,850
NY	305,626	309,026	25,654	334,680	336,960
NC	75,484	72,209	35,012	107,221	107,221
ND	13,360	16,320	2,589	18,909	18,909
OH	86,391	93,528	34,206	127,734	130,000
OK	73,437	71,107	29,077	100,184	102,460
OR	38,287	39,343	9,844	49,187	49,187
PA	102,090	95,176	22,235	117,411	119,710
RI	55,373	45,449	12,909	58,358	58,358
TN	98,436	82,217	39,338	121,555	123,860
TX	347,560	395,903	34,205	430,108	432,415
UT	39,210	32,716	7,654	40,370	40,370
VT	26,471	25,306	5,129	30,435	30,435
VA	75,757	63,686	18,814	82,500	84,810
WA	57,879	35,779	8,371	44,150	44,150
WV	86,346	83,285	39,338	122,623	124,910
WI	86,614	81,382	30,787	112,169	114,460
WY	85,169	80,133	29,077	109,210	111,510
DC	33,523	58,904	22,217	81,121	81,121
PR	15,768	18,308	3,167	21,475	21,475
TOTAL	3,553,000	3,500,000	950,000	4,450,000	4,500,000

1984-1985 STATE REIMBURSEMENT REQUEST
(50 Percent of Estimated Program Level)

<u>STATE</u>	<u>1984 REQUEST</u>	<u>1985 REQUEST</u>
AL	185,308	310,479
AZ	179,054	315,395
AR	79,976	71,857
CA	253,223	262,500
CO	72,171	71,655
CT	60,000	61,500
DE	10,145	10,520
FL	47,194	46,086
GA	99,896	101,500
HI	12,500	12,500
ID	20,535	-0-
IL	173,570	173,870
IN	62,725	69,925
IA	72,575	68,900
KS	100,150	105,449
KY	201,358	198,923
LA	352,864	451,846
ME	11,275	13,375
MD	32,273	33,967
MA	74,388	118,440
MI	101,273	96,147
MN	71,687	93,868
MS	113,528	99,757
MO	115,907	123,512
MT	19,000	44,220
NE	53,792	57,710
NV	32,692	26,739
NH	31,391	33,185
NJ	162,243	165,215
NM	89,850	118,850
NY	886,674	980,055
NC	100,674	107,221
ND	13,855	18,909
OH	123,041	177,815
OK	96,412	105,585
OR	42,886	49,187
PA	186,554	205,660
RI	66,459	58,358
TN	159,094	132,440
TX	1,008,332	1,255,579
UT	43,920	40,370
VT	28,509	30,435
VA	101,038	88,997
WA	69,466	44,150
WV	125,100	136,475
WI	125,488	131,094
WY	119,277	124,846
DC	37,055	81,121
PR	16,557	21,475
TOTAL	6,242,934	7,138,662

SENATOR ANDREWS: The program funds up to 50 percent of state costs. What percent of total state costs is the program now funding?

ANSWER: The 1985 allocations represent an average of 31 percent of the state agencies' estimates of 1985 expenditures on the program. The individual state allocation levels vary between 17 percent and the maximum allowable Federal level of 50 percent. From past experience, we estimate that the actual Federal share for 1985 will be 35 percent of the States' costs.

SENATOR ANDREWS: Provide for the record the number of gas and hazardous liquid pipeline inspections by Federal and non-Federal inspectors during the last two calendar years. Also provide a summary of enforcement actions initiated in each category and penalties collected for both years.

ANSWER: The information requested is presented in tabulated form below:

	Federal		State	
	1983	1984	1983	1984
Natural Gas				
Inspections	321	262	5,996	3,615
Enforcement Actions				
Initiated	92	108	2,001	3,628
Penalties Collected				
Number	3	4	15	19
Amount	\$15,000	\$4,000	\$112,100	\$19,150
Hazardous Liquids				
Inspections	95	98	Not	N/A
Enforcement Actions			Available	
Initiated	19	35	N/A	N/A
Penalties Collected				
Number	2	1	N/A	N/A
Amount	\$4,500	\$2,000	N/A	N/A

Pipeline Safety Management Problem

SENATOR ANDREWS: Last year, GAO and NTSB criticized MTB pipeline safety program management. The findings of the two agencies as well as an apparent reluctance to comply with legislative mandates were cited by the Chairman of the House Authorization Subcommittee as a reason to limit the program's authorization to one year rather than the two year authorization requested. What steps have been taken to make better use of existing resources?

ANSWER: Last April, at the specific request of the Secretary, RSPA initiated a review of the pipeline safety program to determine what improvements could be made. In this regard, RSPA has not only internally reassessed past management decisions, but has made extensive use of its two pipeline technical advisory committees in assuring that the program is meeting its overall objective. Although this review is an ongoing process, many improvements have already been made. One suggested improvement in efficiency is the placement of more reliance on interstate operators to ensure the safety of their

systems through quality assurance programs. In making the suggestion, the General Accounting Office recognized that such an approach might prove costly, both to the Department and to these operators, and recommended an evaluation of the concept. RSPA has initiated an evaluation of quality assurance programs which it expects to have completed by the end of 1985.

In a recent joint meeting of the technical advisory committees, the membership recognized a possible role for quality assurance programs in pipeline safety but noted that they cannot replace actual inspection by government personnel. Another improvement suggested was the development for management of some quantitative measure of the level of inspection effort. RSPA has recognized the need for improvement in this area and has now established a uniform method of identifying inspection units. The identification of inspection units for gas and liquid operators now inspected by Federal personnel has been completed and the participating state agencies are in the process of establishing inspection units or conforming their methodology of inspection units to the Federal approach. It is expected that this process will be completed shortly. This uniform system will assist management in monitoring the level of inspection effort for both Federal and state programs and, eventually, in identifying problem areas that may require close scrutiny by government enforcement personnel.

With respect to performance oriented inspection goals, it is planned that by the end of the CY 1985 inspection cycle, pragmatic goals will be established for all operators in terms of inspection units, desired time intervals, and type of inspection. The goals will apply to both Federal and state inspection efforts and will be sufficiently flexible to allow additional refinements as experience warrants.

With respect to monitoring of the state gas programs, RSPA has made several improvements. A revised form used for monitoring the programs and a written policy covering the Federal expectations are in use. In the 1985 monitoring process, RSPA will focus on the adequacy of training received by state personnel, the use of adequate enforcement procedures, manpower requirements, level of effort in inspection, data collection and record keeping, the extent of assumption of responsibility for intrastate pipeline systems, and program uniformity. These items will be reviewed annually to determine the need for change.

State inspector qualifications have been redefined in terms of the depth of knowledge and skills necessary to perform as an inspector. Beginning with 1985, in order to ensure adequate levels of enforcement, RSPA is requiring that all new inspectors attend all pipeline safety courses offered at the Transportation Safety Institute within three years of the start of employment as an inspector. Exceptions are granted for good cause.

SENATOR ANDREWS: Would you submit for the record your specific responses to the GAO and NTSB findings?

ANSWER: The first attachment provides DOT's specific responses to the GAO findings.

DOT has responded to NTSB on 62 of the 67 open recommendations. In meetings between MTB and NTSB staff in August, 1982, NTSB staff

indicated that 24 of these were to be closed. In a similar meeting in December 1983, NTSB staff indicated intended closure of another recommendation. In March 1983, DOT submitted written responses describing actions taken to address an additional 37 recommendations. See second attachment (which includes responses to one recommendation that has been closed). The NTSB has not completed its review of DOT's actions with respect to these 62 recommendations. DOT is in the process of preparing responses to the remaining 5 recommendations.

[CLERK'S NOTE: The report is too lengthy to print in the record, but is available for review in the subcommittee files.]

HAZARDOUS LIQUID PIPELINE PROGRAM

SENATOR ANDREWS: Public Law 98-464, the reauthorization for FY 1985 of both the natural gas and hazardous liquid pipeline safety acts, authorizes a grant program for a hazardous liquid pipeline program. Why are no funds requested? What states would receive grants if the full amount of \$900,000 were made available? What level of improved inspection and safety would result?

ANSWER: PL 98-464 authorized a funding level of \$900,000 for the DOT's Hazardous Liquid Pipeline Program for FY 85. It also authorized \$500,000 to fund a grant program to assist states in establishing pipeline safety programs.

RSPA is not requesting funding for the hazardous liquid grant-in-aid program. The safety record for hazardous liquid pipelines has remained excellent (0 fatalities in 1984 and 19 injuries). We are recommending to Congress that the two grant-in-aid programs be merged.

While not requesting additional dollars for a merged program, RSPA believes that such a merger will give states increased flexibility by allowing a State to direct pipeline safety dollars to those pipelines which warrant attention, whether oil or natural gas. Therefore, if a State determines that natural gas pipelines represent the primary pipeline concern in the State, it can spend its entire allocation in this regard. On the other hand, if it chooses to allocate dollars to oil pipelines, it is free to do so.

We believe that the \$4.5 million requested will assure a federal/state pipeline safety program that achieves the purposes of the Pipeline Safety Acts. Twenty-three states now have or are seeking enabling legislation to establish programs to monitor the safety of intrastate hazardous liquid pipelines. These 23 states are as follows:

States with legislation: Texas, California, Wyoming, Pennsylvania, Kansas, New Mexico, Montana, Ohio, North Dakota, Arkansas, Arizona, New York, Iowa, Nevada, Iowa, Nevada, Hawaii, West Virginia, Oregon. (Total: 17)

States seeking Jurisdiction: Louisiana, Oklahoma, Mississippi, Alabama, Washington, Wisconsin. (Total: 6) RSPA expects these 23 states to apply for grant assistance for their programs.

Except for California, operators of intrastate hazardous liquid pipelines are not presently being inspected. We expect this level of inspection effort contemplated for the 23 states will establish a program that would assure an adequate level of safety of the hazardous liquid pipelines in those states.

SENATOR ANDREWS: How many states have passed enabling legislation to enforce Federal regulations over intrastate hazardous liquid pipelines?

ANSWER: Seventeen states presently have the enabling legislation to enforce Federal regulations over intrastate hazardous liquid operators.

AUTHORIZATIONS

SENATOR ANDREWS: When will the FY 1986 authorizing legislation be submitted for the natural gas and hazardous liquid programs? What will be the major components of this legislation? We understand consideration is being given to merging these two. What will be the impact?

ANSWER: Our authorization bill for natural gas and hazardous liquid pipeline programs, which will be transmitted soon to the Congress, features as its key component a proposal to merge the grant-in-aid programs prescribed in the Natural Gas Pipeline Safety Act of 1968, and the Hazardous Liquid Pipeline Safety Act of 1979. The two principal impacts of the merger would be to:

- o Allow states to direct their Federal grant dollars to those pipeline problems which demand the greatest attention.
- o Enable us to meet both the wishes of Congress as expressed in the HLPsA, and our administrative needs by providing a unified approach to the operation of substantially identical programs.

A copy of the Administrations Pipeline Safety Authorization Recommendation is attached.

DRAFT COPY OF ADMINISTRATION'S PIPELINE SAFETY AUTHORIZATION
RECOMMENDATION

A BILL

To amend the Natural Gas Pipeline Safety Act of 1968, as amended, and the Hazardous Liquid Pipeline Safety Act of 1979 to authorize appropriations for fiscal years 1986 and 1987, and for other purposes.

Be It enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 17(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(a)) is amended by—

(1) striking "and" at the end of paragraph (2);

(2) striking the period at the end of paragraph (3) and inserting in lieu thereof "; and

(3) adding at the end thereof the following new paragraphs:

"(4) \$3,350,000 for the fiscal year ending September 30, 1986; and

(5) such sums as may be necessary for the fiscal year ending September 30, 1987."

(b) Section 17 of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. App. 1684(b)) is amended by

(1) deleting subsection (b) and inserting in lieu thereof the following subsection:

"(b) For purposes of carrying out the Federal grants-in-aid provisions of section 5(d) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1674(d)) and section

205(d) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 2004(d)) there are authorized to be appropriated--

- (1) \$4,500,000 for the fiscal year ending September 30, 1986; and
- (2) such sums as may be necessary for the fiscal year ending September 30, 1987."

(2) adding at the end thereof the following new subsection:

"(c) In allocating the funds authorized to be appropriated by subsection (b) of this section, the Secretary shall take into account the extent to which each qualifying state agency exercises jurisdiction over intrastate pipeline facilities within that state."

SECTION 2. (a) Section 214(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2013(a)) is amended by--

- (1) striking "and" at the end of paragraph (2);
- (2) striking the period at the end of paragraph (3) and inserting in lieu thereof "; and
- (3) adding at the end thereof the following new paragraphs:

- "(4) \$850,000 for the fiscal year ending September 30, 1986; and
- (5) such sums as may be necessary for the fiscal year ending September 30, 1987."

(b) Section 214(b) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. App. 2013(b)) is repealed.

SECTION 3. (a) Section 5(a) of the Natural Gas Pipeline Safety Act of 1968 (49 U.S.C. 1674(a)) is amended by

(1) striking "\$5,000"; and

(2) inserting in lieu thereof, "the amount that the Secretary has establishes by regulation".

(b) Sec. 205(a) of the Hazardous Liquid Pipeline Safety Act of 1979 (49 U.S.C. 2004(a)) is amended by

(1) striking "\$5,000"; and

(2) inserting in lieu thereof, "the amount that the Secretary establishes by regulation".

SECTION BY SECTION ANALYSIS

SECTION 1. The proposed bill provides an authorization of \$3,350,000 for continued operation of the pipeline safety program for the transportation of natural gas under the Natural Gas Pipeline Safety Act of 1968 (NGPSA), as amended for Fiscal Year 1986.

The proposed bill also merges the funding authority for the NGPSA grant program; and the Hazardous Liquid Pipeline Safety Act of 1979 (HLPSA), grant program by substituting a new Section 17(b). The purpose of such a merger is to increase the effectiveness of Federal pipeline safety dollars in enhancing the ability of State pipeline safety programs to address their pipeline problems. Most of the provisions of the NGPSA and HLPSA are identical because the Congress patterned the recently adopted HLPSA on the program previously established by the NGPSA. Indeed, the grants-in-aid provisions of both statutes are identical with the exception of the different commodities involved.

At the Federal level both programs are administered by the same operational agency within the Department with inspection and enforcement responsibilities carried out by the same inspectors. This joint administration by the Department of the two programs is characterized by identical grant application language.

identical assurances required of State administrators, identical application review standards, and identical disbursement procedures. Likewise, the administration of the two programs at the State level, based upon an assessment of State involvement, in the vast majority of States is expected to be conducted by the same State agency and the same State inspectors. Accordingly, this provision would simplify the application of grants funds to those State agencies which are currently conducting programs under both statutes.

This amendment authorizes \$4.5 million for grants-in-aid in Fiscal Year 1986. This amount is one million dollars more than was authorized in Fiscal Year 1984 and the same amount as was authorized in Fiscal Year 1985.

A new subsection (c) is added to Section 17 to assure that the allocation of funds will be made by the Secretary based upon the level of participation in the respective pipeline safety programs by requiring the Secretary to consider the extent to which each State, in fact, exercises its jurisdiction over the intrastate pipeline facilities which exist in that State. For example, a State in which there are no intrastate hazardous liquid pipelines would not be expected to have a liquid pipeline safety program. However, the fact that a State which does have such pipelines has no liquid pipeline safety program would be considered in the grant fund allocation process.

SECTION 2. The bill also authorizes \$850,000 for the Hazardous Liquid Pipeline Safety Act of 1970 (HLPESA) (Pub. L. 96-129) in Fiscal Year 1986.

SECTION 3. This amendment would correct a problem faced by certified State agencies that participate in the cooperative Federal-State enforcement program for gas pipelines under Section 5 of the NGPSA. Section 5(a) of the NGPSA provides that each annual certification of a State agency must include a report, showing, among other things,

"all accidents or incidents reported during the preceding 12 months by each such person [pipeline operators] involving personal injury requiring hospitalization, fatality, property damage exceeding \$5,000 (whether or not sustained by a person subject to the safety jurisdiction of the State agency) ... together with a summary of the State agency's investigation as to the cause and circumstances surrounding such accident or incident."

To meet the certification requirement, State agencies participating under Section 5(a) of the NGPSA require jurisdictional pipeline operators to report such accident or incident; and State agency reporting requirements generally match those of the Department. However, in a recent effort to minimize the reporting burden on gas pipeline operators, while assuring that significant incidents are still reported, the Department raised the property damage threshold for telephonically reportable gas incidents from \$5,000 to \$50,000 (49 FR 18960, May 3, 1984). As a result, certified State agencies participating under Section 5(a) of the NGPSA are in the unusual position of having to require separate reports of, and to investigate, gas incidents with property damage between \$5,000 and \$50,000, but without deaths or injuries requiring hospitalization, even though the Department has determined that these incidents are not serious enough to warrant telephonic reports.

The proposed amendment to the NGPSA would not only relieve the States' workload, it would also relieve the associated paperwork burden on gas pipeline operators that results from disparate reporting requirements emanating from the Federal level.

Although this problem of differing Federal reporting requirements does not now exist with regard to hazardous liquid pipelines (because the Department's property damage threshold for telephonically reportable incidents currently is \$5,000), an identical amendment to the HLPSA is being proposed to prevent such a problem from occurring in the future. The problem could arise should the Department determine that its current \$5,000 property damage threshold for reportable

Incidents creates an unnecessary burden on hazardous liquid pipeline operators. Such commenters to a proposed revision of the Department's hazardous liquid pipeline reporting requirements have raised the issue of whether the \$5,000 amount is too low in view of increased prices and proposed changes in the way property damages are allocated under the regulations. The Department will be considering this question in the course of rulemaking.

This is not the first time the property damage amount in Section 5(a) of the NGPSA has had to be changed. The Pipeline Safety Act of 1979 amended Section 5(a) of the NGPSA by changing the property damage amount from \$1,000 to the current \$5,000. To avoid the need for further amendments of this type, the proposed amendments reference the Department's reporting requirements rather than propose an increased dollar amount.

AVIATION INFORMATION MANAGEMENT

SENATOR ANDREWS: Why is a separate FY 1986 request made (\$300,000) for ADP services in support of the aviation information management, rather than absorbing these costs in the Transportation Computer Center?

ANSWER: The Transportation Computer Center provides ADP services to the various components of DOT on a fully reimbursable basis. The \$300,000 request is to pay for ADP services needed to support the aviation information management activity.

SENATOR ANDREWS: What ADP equipment was transferred over from CAB? What studies have been done by Transportation Computer Center (TCC) and RSPA on disposition of equipment and personnel in order to avoid ADP duplication in the Department?

ANSWER: All of the CAB's computer's peripheral equipment consisting of the magnetic tape drives, the disk storage units, the high speed printers, the CRT remote terminals, and the related peripherals control units were transferred to TCC after CAB closed.

We are currently performing a comprehensive review of the requirements of the applications supporting the aviation programs and functions transferred to DOT from CAB. This effort will verify both equipment and personnel disposition and develop appropriate multi-year plans for meeting functional requirements. The TCC, at the same time, is monitoring the operational aspects of the transferred equipment workload and will make adjustments to the hardware configuration to assure that the most cost efficient processing is utilized.

SENATOR ANDREWS: What is being spent for the 3 quarters of FY 1985 for this activity, both equipment and personnel? Provide a 5-year comparison for this activity when conducted by CAB.

ANSWER: Expenditures for aviation management work in FY 1985 will be \$750,000 for personnel and \$100,000 for equipment.

A precise 5-year comparison for this activity is not possible because CAB included other activities with the information management activity in the CAB budget process. For example, in FY 1981 through sunset, they included economic analysis activities in the information program, and FY 1984, they included CAB staff working on employee protection cases. The following table is an estimate of information management expenditures derived by extracting known ADP costs and the estimated cost for economic analysis and other personnel from the figures shown in CAB budget documents.

	<u>Equipment</u>	<u>Personnel</u>
CAB FY 1981	\$1,004,000	\$3,140,000
CAB FY 1982	765,000	3,090,000
CAB FY 1983	794,000	2,920,000
CAB FY 1984	<u>585,000</u>	<u>2,640,000</u>
CAB 1Q85	150,000	320,000
DOT 3Q85	<u>100,000</u>	<u>750,000</u>
DOT FY 1985	250,000	1,070,000

FY 1985 Discrepancies

SENATOR ANDREWS: The conference report on the Continuing Resolution provided \$1.75 million for FY 1985 "Program Management and Administration." Yet, the justification indicates that almost \$2.0 million will be spent. What justifies this 12 percent increase over your congressional allowance? When will a reprogramming request be provided to the subcommittee?

ANSWER: On November 23, 1984, the Research and Special Programs Administration was informed by the Department of Labor that it would have to pay \$191,000 to the former director of the Transportation Safety Institute (TSI) for a work-related disability claim. Subsequent to this hearing, RSPA has been notified by the DOT's Office of the Assistant Secretary for the Budget that because the Department of Labor works on a two-year lag for reimbursements, the \$191,000 will not be due until FY 1987. Therefore, a reprogramming request will not be necessary.

SENATOR ANDREWS: Why was this increase absorbed primarily in the Materials Transportation Bureau (MTB)? The result is a decrease in the FY 1985 program level of over \$600,000 from the original request.

ANSWER: The explanation for this difference is that RSPA's original request for MTB's operations activity in FY 1985 was \$9,302,000. The enactment of the FY 1985 DOT Continuing Resolution reduced MTB's operations activity funding to \$8,860,000. This reduction accounts for a \$442,000 decrease and an additional \$191,000 was to be used for the payment of the TSI work-related disability claim. These two actions result in the \$600,000 reduction.

SENATOR ANDREWS: Why was this expense not absorbed within Materials Transportation Bureau personnel compensation? What hazardous materials and pipeline safety projects will be displaced by this absorption?

ANSWER: This expense was not taken from Materials Transportation Bureau personnel compensation because we were concerned that a funding shortage in personnel compensation and benefits might occur if the expense were absorbed in this account.

It was my position that program reductions or delays in our MTB operations budget would only occur if absolutely required to pay the disability settlement in FY 1985, and if there were no other RSPA accounts from which we could take this amount. In other words, the tapping of the MTB safety program budget would have been a last resort. We would have depleted personnel compensation accounts, travel accounts and other non-safety related accounts first. I do not believe that any of our safety programs would have suffered.

However, since the Department of Labor has informed us that payment need not be made until FY 1987, it will not be necessary to take the \$191,000 out of our FY 1985 budget after all.

MASTER METER INSPECTIONS (MMI)

SENATOR ANDREWS: According to last year's testimony, the number of master meter operators (usually trailer parks and apartments) is estimated at 81,000. In 1983 only one master meter operator was inspected, and that operator required four

visits. Materials Transportation Bureau (MTB) agreed that there is a need to periodically inspect master meter operators although the "potential safety hazard posed by such systems has not been clearly established". Has MTB made any progress in determining the potential safety hazard? I understand that in Arizona alone 2 fatalities and 1 severe injury occurred within a recent 18 month period.

ANSWER: Master meter systems serve fewer customers, operate at low pressure and over very short distances. Taken by themselves, master meters pose a degree of risk and that risk can be reduced by improved compliance. We believe that we can accomplish more toward compliance by encouraging the state to assume jurisdiction and working with the states, the gas associations, and gas suppliers to educate the master meter operators in compliance and operating techniques for safe gas systems. Beyond preparation of the report, "Exercise of Jurisdiction Over Master Meter Gas Operators," MTB has not undertaken an effort to further refine or quantify the potential safety hazard.

SENATOR ANDREWS: In 1982 MTB developed and distributed a "Guidance Manual for Operators of Small Gas Systems" to assist operators in complying with existing regulations. In last year's testimony, dissemination of this compliance manual was said to have resulted in the most practical and cost-effective means of enhancing safety. What are the results that led to this statement and what progress has occurred since last year?

ANSWER: The Guidance Manual for Operators of Small Gas Systems (and an auxiliary slide/tape/script) were developed and printed at a cost of \$28,000. This manual and media package was the only one of its kind when distributed in 1982. The feedback from the states is that operators of these systems are using the manual and display a greater understanding and appreciation for proper maintenance of their systems.

20,000 copies of the manual were distributed upon request from small municipalities, transmission, distribution and master meter operators. Texas, adapted the manual to its specific needs. Alabama is in the process of developing an examination using the manual to certify/qualify operators of gas systems in Alabama.

Several large companies are using the manual for in-house training. Every student attending a TSI pipeline course must successfully complete an entrance examination based on the material presented in the manual. Further, TSI staff have used the manual and slide/tape for training approximately 1500 participants in 19 seminars each year.

The manual has recently been revised to reflect regulatory changes, as well as comments and suggestions from all elements of the population, including the regulated public, professional gas organizations, DOT staff engineers and regional chiefs and MTB/TSI teaching staff. Currently, 20,000 copies of the revised manual are being printed for distribution at a cost of \$16,000.

SENATOR ANDREWS: MTB has encouraged state agencies to assume jurisdiction over master meter operators and to support state legislation that would prohibit the installation of further systems. How successful have you been in getting the states to take additional responsibility and to prohibit further systems?

ANSWER: At this time, 34 of the 49 jurisdictions participating in the pipeline safety program have assumed total or

partial responsibility for inspection of master meter systems. Of the remaining 15, one has no master meter system, one outlawed them in 1977, and three are presently seeking jurisdiction through their state legislatures. The remaining 10 which have neither assumed, nor are actively seeking jurisdiction, account for 22% of the total number of master meter systems. As an added incentive to the agencies to assume this responsibility, the Department, beginning in CY-85, is using the extent of responsibility assumed over intrastate entities as one of the quantitative parameters in allocating grant funds. A jurisdiction which does not assume responsibility for master meter systems is allotted fewer than the possible 10 points, thereby reducing the amount of funding it could otherwise receive.

SENATOR ANDREWS: How many MTB and state inspections were conducted last year? Are there any plans to increase efforts in this area?

ANSWER: Data on the number of state inspections conducted in 1984 will be collected by MTB regional chiefs during their 1985 monitoring visits. In 1983, the states reported 1,317 inspections. This number, however, does not include inspections made by states that did not keep separate records of master meter inspections. A few states have indicated plans to expand their activity in this area.

RSPA is encouraging increased state activity and is working with the states to educate master meter operators in proper operation and maintenance of their systems. We are also encouraging these states which have not assumed jurisdiction over master meter operators to do so.

SENATOR ANDREWS: How many systems remain solely under MTB jurisdiction?

ANSWER: Thirteen jurisdictions have not assumed responsibility over master meter operators. Those operators therefore remain under direct DOT jurisdiction. Based on a 1979 contract study somewhat modified by information we have since collected, we estimate that between 15,000 and 20,000 operators remain under DOT jurisdiction.

SENATOR ANDREWS: Do you believe that these efforts by MTR satisfactorily address the risks posed by master meter operators? (No budget request for additional master meter efforts.)

ANSWER: Yes, we believe that our efforts satisfactorily address the risks posed by master meter systems.

STATE HAZARDOUS MATERIALS ENFORCEMENT DEVELOPMENT (SHMED) PROGRAM

SENATOR ANDREWS: No funds are requested for SHMED in FY 1986. The justification for terminating the program states that it "has established a foundation for continuing DOT and state efforts in implementing Section 401-404 of the Surface Transportation Assistance Act of 1982, which is picking up where SHMED stops, with grants and technical assistance to states in the handling of hazardous materials transportation on highway". According to last year's testimony, \$1,300,000 in Federal funds and staff effort attracts \$20 million in state effort, including

500 inspectors. This appears to be a very cost effective program, why are you proposing to phase it out?

ANSWER: The State Transportation Assistance Act (STAA) will continue the financial assistance started with SHMED. In addition, RSPA has requested \$200,000 to conduct Federal/State workshops aimed at furthering the Federal/State partnership in hazardous materials transportation.

SENATOR ANDREWS: The program will be replaced by the Motor Carrier Safety Assistance Program (MCSAP), which is not specifically intended to assist in enforcement of hazardous materials regulations. You said last year you would determine, on a case-by-case basis, how the MCSAP awards will affect continuation of the initiatives started in the States by the SHMED program. What are the results of your determination?

ANSWER: In general, MCSAP awards have augmented the SHMED efforts. It is too soon to draw specific state-by-state conclusions. After MCSAP is up and running, and the transition period is over, such results can be obtained.

SENATOR ANDREWS: Does FHWA share your interest in assuring hazardous materials activities are funded under MCSAP?

ANSWER: Yes, FHWA does share an interest in both the regulation development and the enforcement areas. Our goals in Hazardous Materials Transportation are very closely related.

SENATOR ANDREWS: You stated that without Federal financial assistance, states now in the SHMED program will continue a hazardous materials program albeit at a severely reduced level. If this is true, are there plans to resume the SHMED program if you find problems with MCSAP?

ANSWER: This remark was made in last year's hearing in support of the FY 1985 budget. The funding request was based on contract commitments made earlier. Participating states were counting on RSPA following through on its commitment. We are now using MCSAP funds to encourage state adoption of and enforcement of the federal hazardous materials rules. In addition, we have requested an additional \$200,000 so that RSPA can sponsor Federal/State workshops aimed at continued development of state hazardous materials enforcement programs. We feel this combination of federal assistance to the states is adequate to increase and improve state participation.

SENATOR ANDREWS: The SHMED Program only reaches 25 states. Although it appears very successful in those states, what about the other half of the country? How will they be brought in under MCSAP? Are citizens in those states faced with higher risks from hazardous materials shipments because of inadequate inspections?

ANSWER: Some states did not request funding under the SHMED Program. RSPA did not survey the other states as to their reason for not participating.

Many of the states not participating in the SHMED Program have already adopted the federal rules in substance and are enforcing them. The number of states and their level of enforcement is expected to grow under MCSAP. There are more states which have not adopted the federal rules but those states have relatively little hazardous materials being transported through them. RSPA will continue to encourage state adoption of the federal rules and increased enforcement activity. Further,

RSPA's hazardous materials rules which apply to the containers are not dependent on state adoption. Generally, while continuing to strive for increased safety, the statistics show that hazardous materials transportation takes place safely in the United States.

SENATOR ANDREWS: Why did these states not choose to participate in SHMED?

ANSWER: Some states did not request funding under the SHMED Program. RSPA did not survey the states as to their reasons for not participating. We do know that many states already have substantial hazardous materials programs in existence and many had already adopted the federal rules in substance.

SENATOR ANDREWS: SHMED apparently attracted \$15 in state funds for every \$1 in Federal funds. The pipeline program, on the other hand, only provides about \$1 for every \$2 states put up. How do you explain this willingness of some states to devote far more resources per Federal dollar to hazardous material safety than to pipeline safety?

- Do the states perceive different levels of risks?
- Is the SHMED Program better designed?

ANSWER: It is difficult to be specific in this area, because RSPA has never surveyed the states in this regard. Highway transportation (the bulk of SHMED) is totally visible to the public, versus pipeline transportation which is underground. All states have large state trooper staffs, or similar highway safety staffs as compared to a handful of the pipeline safety staff. Thus, economics of scale are achieved with hazardous materials safety. Clearly, states must have a different perceived level of risk between hazardous materials and pipeline safety. The SHMED Program was designed to accommodate the diverse state agency structures in the states and to capitalize on the existing infrastructure. The pipeline safety program was designed to perpetuate what one agency in each state was doing prior to the program, not to capitalize on a multitude of most divergent state activities -- the goal of SHMED. For these reasons, a comparison of designs is difficult to make.

SENATOR ANDREWS: According to materials provided by you to the House Appropriations Committee last year, the State of North Dakota had not adopted all of the Federal hazardous material regulations although it had adopted part of the regulations concerning carriers by public highway. Since the State of North Dakota has participated in the SHMED program since 1983, has it now or is it soon expected to adopt all the Federal hazardous materials regulations?

ANSWER: North Dakota has now adopted and enforces the federal hazardous materials rules as they apply to highways.

SENATOR ANDREWS: Several other states (Indiana, Oklahoma, West Virginia and Wisconsin) and the District of Columbia also had not adopted the Federal hazardous materials regulations. Will the phase out of SHMED make it more difficult to persuade these states to adopt the Federal hazardous materials regulation?

ANSWER: West Virginia has adopted the regulations.

RSPA believes that the phasing out of SHMED will not make it more difficult to persuade the states to adopt the Federal hazardous materials regulations because there is an availability of federal funds under the MCSAP program. RSPA has worked with

FHWA in this regard. A state, in order to receive MCSAP funds, must agree to adopt, in substance, the federal hazardous materials regulations. Further, RSPA has requested \$200,000 in its budget for State/Federal workshops designed to encourage State adoption and enforcement of the Federal hazardous materials rules.

SENATOR ANDREWS: What are the practical consequences of states not adopting the Federal regulations, especially with regard to the safety of their citizens?

ANSWER: If a state does not adopt the Federal regulations, the burden of enforcement falls to the Federal government. In such cases, the degree of enforcement would be much less than if a state also enforces. Without enforcement, there will be less compliance with the regulations. The consequences will depend on the integrity of the regulated public in each state.

Training Program Fees

SENATOR ANDREWS: You state (P. 8 Testimony) "A common complaint I keep hearing from many state and local officials is that they lack funds for sufficient training, information and guidance to properly plan for and respond to hazardous materials emergencies" yet you do not request an increase in funds for training; indeed you plan to continue to charge tuition for the Transportation Safety Institute (TSI) training courses.

ANSWER: This comment was made in regard to training for State and local response to accidents. TSI does not do nor is it equipped to train personnel in emergency response.

TSI trains the State enforcement personnel how to enforce the Federal hazardous materials and pipeline safety regulations. It also conducts a limited amount of related training of industry students in how to comply with those regulations.

SENATOR ANDREWS: What fees, if any, are collected for pipeline and hazardous materials training? How much do you expect to collect in FY 1985 and FY 1986?

ANSWER: In accordance with provisions of the Natural Gas Pipeline Safety Act and the Hazardous Liquid Pipeline Safety Act which preclude the charging of tuition to state or local government personnel for training in the enforcement of the Federal standards, beginning in FY 1985, fees are being charged only to pipeline industry students who attend the pipeline compliance courses conducted by the Transportation Safety Institute (TSI).

In the hazardous materials training area, beginning in FY 1985, industry students are being charged full tuition and state students half tuition.

DOT expects that TSI will receive, from industry students, \$15,000 in pipeline tuition and \$75,000 in hazardous materials tuition in FY 1985. DOT expects FY 1986 revenues to be essentially the same as FY 1985.

SENATOR ANDREWS: At a time when several states are said to be considering dropping out of the pipeline program and you are trying to encourage states to join in your hazardous materials programs, does it not appear inconsistent to charge for training?

ANSWER: We are not charging states for the training provided to their pipeline safety inspectors. This is in accord with the amendments made to the two pipeline safety authorization acts by PL 98-464 prohibiting tuition charges.

In the case of hazardous materials enforcement training for state enforcement personnel, the funds which a state receives under the Motor Carrier Surface Assistance Program (MCSAP) will be available to cover 80% of the tuition fee a state is charged by TSI for such training. Since RSPA is

paying one-half of the tuition cost and MCSAP funds can be used to pay for 80% of the other half, we believe that 90% of the training tuition will be paid for with federal funding. Therefore, RSPA expects that training of state officials will continue essentially as before.

The tuition fees are expected to cover about one-half of the cost of training those students for whom they are being charged.

SENATOR ANDREWS: What has been the response of the various state agencies to charging for courses? Have tuition charges reduced course attendance?

ANSWER: Since the introduction of tuition charges, we have experienced a decline in the number of classes requested and cancellations of some previously scheduled classes. By increasing the awareness of state and local personnel, however, that training funds are available under the Motor Carrier Surface Assistance Program (MCSAP), we anticipate increases in attendance and in the number of classes held at TSI during the remainder of the year.

NUCLEAR TRANSPORTATION ISSUES

SENATOR ANDREWS: You are requesting \$270,000 to develop methodologies for analyzing cost, risks, and other impacts of regulatory activities. This is a \$100,000 increase from last year. This increase is attributed to responsibilities imposed on DOT by the Nuclear Waste Policy Act of 1982. Are any additional studies required in the future other than the two listed? If so, when are they required and what will they cost?

ANSWER: The Nuclear Waste Policy Act of 1982 establishes a long-term multi-billion dollar program to dispose of spent nuclear fuel and high-level nuclear waste. The Act requires that the private sector be used to the maximum extent possible. The Secretary of Transportation must be in the position of making an informed determination of industry's ability to provide adequate transportation services at reasonable cost. Periodic assessments of industry will be required as the program moves from its present systems definition phase; through engineering development, cask fleet procurement and carrier negotiations in the mid 1990s; and finally the transportation operations phase beginning in the late 1990s. The \$100,000 requested for FY-86 enables the DOT to initiate the development of a capability to meet its responsibilities under the Act. Timely DOT performance is necessary to avoid adverse impacts on program milestones and costs.

SENATOR ANDREWS: With the legal status of HM-164, the Department's regulations concerning highway routing of large quantity shipments of radioactive materials, resolved, how many non-interstate routings have been designated as alternative "preferred routes" by state routing agencies? Who is responsible for informing shippers of the required routings? What is the record on compliance?

ANSWER: Under the Hazardous Materials Transportation Act, we have no authority to require states to notify the DOT when they designate an alternate preferred route. We have recently begun an effort to canvas the states to determine which states have designated alternate preferred routes for large quantity/highway route controlled quantity shipments. Early results indicate 8 states have designated non-Interstate routes as preferred highway routes. It is the responsibility of the carrier to prepare a written route plan consistent with all applicable regulations and supply a copy to the shipper. The shipper is required to

provide DOT with a copy of the route plan within 90 days after the shipment. Any variation between the route plan and the routes actually used, with an explanation for the variation, must be reported to the shipper within 30 days following the deviation. The shipper supplied route plans are entered into a computerized nuclear route file. Periodic reviews of this data file provide the basis to ensure compliance with the highway routing rules. Compliance has been good.

NUMBER OF INSPECTIONS CONDUCTED

SENATOR ANDREWS: You testified before a House Subcommittee last year that with regard to comprehensive Federal inspections of pipeline operators "at our current 1984 inspection pace we expect to perform more inspections during this calendar year than the combined 2-year total cited by GAO for years 1981 and 1982". Did you manage to conduct more inspections in 1984 than in 1981 and 1982?

ANSWER: The GAO reported the 1981 and 1982 inspections as follows:

	<u>Category of Operators</u>				<u>Total</u>
	<u>Interstate Liquid</u>	<u>Interstate Gas</u>	<u>Intrastate Gas</u>	<u>LNG Facilities</u>	
Operators visited for any inspection purpose					
1981	39	46	105	6	196
1982	70	35	99	3	207
Operators receiving comprehensive inspections					
1981	31	39	81	6	157
1982	33	22	52	3	110

These figures were drawn from MTB's records and do not include any follow-up inspection visits to the same operator or inspections of two or more distinct units of the same company. Such inspection activity is regularly included in the figures maintained by MTB.

Using GAO's method of cataloging inspections, the comparable figures for 1984 are as follows:

Category/Operator

	<u>Interstate Liquid</u>	<u>Interstate Gas</u>	<u>Intrastate Gas</u>	<u>LNG Facilities</u>	<u>Total</u>
Operators visited for any inspection purpose					
1984	86	57	132	8	283
Operators receiving comprehensive inspections					
1984	84	55	85	8	232

Although the 1984 totals did not reach the projection made in March of 1984 (i.e., more than 1981 and 1982 combined), the year-end figures, nevertheless, showed substantial and continuing increases in the major categories of operators receiving comprehensive inspections.

SENATOR ANDREWS: You cite GAO figures for the number of inspections conducted, are yours different? How do these figures compare with the number of state inspections?

ANSWER: The GAO figures were cited in the hearing testimony two years ago because the GAO report containing them was a major subject of discussion at that hearing. Although we do not regularly record inspections performed under the categories used by GAO (i.e. "visited for any inspection purpose" and "comprehensive inspections") there is no substantial difference between our figures and those which GAO arrived at using our data. The inspections were performed by our field staff of 12 to 16 inspectors. Their duties also include monitoring of each of the 49 state programs. State inspection activity for the GAO referenced years of 1981 and 1982 and the most recently completed year 1984 has been reported to us as follows:

	<u>State Inspectors</u>	<u>Operators Visited for Inspection Purposes</u>
1981	245	3,591
1982	240	4,147
1984	227	3,615

SENATOR ANDREWS: Were the increased inspections due to a larger budget, shifts in priorities, or more effective use of resources?

ANSWER: While the budget is an important factor, priorities have been more focused and increased effective use of manpower has aided both Federal and state inspection efforts.

SENATOR ANDREWS: How many Federal inspections do you expect to conduct in FY 1985 and FY 1986?

ANSWER: In FY-85 the Federal inspection staff will expend approximately 911 person days of field inspection time inspecting pipeline operators. Our average time for an inspection is 1.75 days; therefore, we will inspect approximately 520 operators. In addition, the Federal staff will expend 274 person days monitoring the performance of the 50 state agencies participating in the natural gas pipeline safety program.

The Federal inspection effort in FY-86 will be approximately the same as FY-85.

DAMAGE FROM NON-PIPELINE RELATED CONSTRUCTION EXCAVATION ACTIVITIES

SENATOR ANDREWS: The principal cause of more than half of all pipeline failures, far outpacing any other single cause, has been and continues to be non-pipeline related construction and excavation activities. I understand your regulations requiring gas pipeline operators to either administer or participate in damage prevention programs became fully effective April 1, 1983. Last year, you testified before a House Subcommittee that early indications were that the regulations were having the desired effect of reducing pipeline damage by outside forces. With the regulations now in effect for nearly two years, could you comment on their effectiveness?

ANSWER: MTB is encouraged by a review of the accident and casualty data reported to us by gas transmission and distribution operators during the period since the initiation of rulemaking, and also since the effective date of, the damage prevention regulation. The total number of accidents, deaths, and injuries caused by outside force damage and their percentage of the totals reported is trending downward. Also, as MTB stated in the final rule preamble, we recognize that a method for monitoring the effectiveness of the damage prevention program is necessary. Late in 1983, the MTB initiated a project at the Transportation Systems Center to develop a reliable measure for determining the effectiveness of these operator programs. Efforts in 1984 were devoted to defining measures of effectiveness. This task turned out to be more complex than was anticipated since diverse factors, such as program characteristics, accident rates, and construction activity, all have to be linked to be meaningful. This project is continuing in 1985.

SENATOR ANDREWS: Are pipeline operators complying with the regulation?

ANSWER: The operators are to a large extent complying with the regulation and the level of compliance is improving. In 1984, the regulation (192.614) was cited in a Federal enforcement action 32 times, but almost all of the operators involved were small municipal operators.

SENATOR ANDREWS: Have you been able to identify any particular damage prevention programs as more effective and promote them to other operators?

ANSWER: The criteria which an operator's damage prevention program must meet was modeled after one-call utility location

systems already existing at the time the rule was proposed. MTB continues to monitor those programs discussed in the NPRM as well as others to identify their best elements. Through ongoing Federal enforcement programs, monitoring of State programs, training at the Transportation Safety Institute, and cooperative efforts with the National Transportation Safety Board and the American Public Works Association, we continue to promote the effective State programs and one-call systems identified.

SENATOR ANDREWS: What resources does MTB devote to dealing with the problem of pipeline damage by outside forces - staff time, research, budget, training, etc.?

ANSWER: The MTB professional and technical staff meet frequently with State agencies, industry groups, safety associations, and especially the American Public Works Association Utility Location and Coordination Council to strengthen training in damage prevention programs nationwide. Regional offices schedule program briefings about exemplary damage prevention programs at regular work sessions with State agency pipeline safety personnel to improve both government and industry damage prevention efforts. A Model Underground Utility Damage Prevention Act was drafted and sent to State governors by the Secretary in 1972, 1974, and 1977. Since then several States have adopted appropriate damage prevention laws; and the Council of State Governments has published the latest DOT Model Statute in its Suggested State Legislation. Where such laws have not yet been adopted, MTB staff seeks opportunities to encourage public officials to consider doing so. We are not able to precisely quantify the staff time devoted to such efforts. However, given the high percentage of pipeline ruptures caused by excavation activities, MTB's pipeline safety staff has been encouraged to seek and take advantage of every opportunity to foster effective damage prevention programs through industry, State governments, and construction company associations. The project at the Transportation Systems Center discussed above is an initial effort to develop a reliable and cost-effective method for determining the effectiveness of the damage prevention programs which an operator must have in place. We expect this project, scheduled for completion during FY-85 or 86, to cost a total of about \$100,000. MTB is also considering further rulemaking action to change the requirement for operator response to excavator notification which we believe will facilitate improved damage prevention programs nationwide.

HAZARDOUS MATERIALS INFORMATION SYSTEM

SENATOR ANDREWS: For FY 1986, you are requesting \$575,000 for operation of the Hazardous Materials Information System (HMIS) and \$230,000 for research and development to improve the HMIS System. This total of \$805,000 is the same as appropriated last year. This seems to be a great deal of money for a system keeping track of less than 8,000 (in 1983) pipeline and hazardous material incidents a year, about \$100 an incident. Does the system include other information in addition to details on incidents and operator data, if so, what?

ANSWER: Yes, Incident Reporting comprises only one subsystem of a total of seven subsystems which make up the HMIS System. The other subsystems are:

1. Exemptions issued to existing hazardous materials regulations.
2. Interpretations of the regulations issued by the MTB, as requested by concerned parties.
3. Approvals and registration of specialized container manufacturers, reconditioners, and testers.
4. Compliance activities including inspections, proceedings and penalty assessments.
5. An inventory of intrastate and interstate liquid pipelines.
6. Shipping routes and other information on certain highway shipments of high level radioactive materials, primarily spent nuclear fuel.

SENATOR ANDREWS: Last year, at the request of the House Appropriations Committee, you provided a breakdown of costs for HMIS between ADP time and data entry time. The cost of ADP time for operations went from \$107,600 in 1982 to \$232,000 in 1984 then to \$275,000 in both 1985 and 1986. Why have these costs risen so much during a period when ADP costs generally are declining?

ANSWER: The HMIS has evolved considerably since its inception as an incident tracking system. This expansion has involved an increase in the number and types of subsystems incorporated within HMIS, and increases in the number of users and in the extent of usage of the system.

SENATOR ANDREWS: Over \$1.6 million has been spent on R&D for the HMIS yet you are requesting another \$230,000. Apparently these funds would allow for changes in the HMIS to accommodate new reporting requirements. Will future regulatory changes lead to similar costs? Can't the system be designed with more flexibility so as to avoid continual development costs?

ANSWER: HMIS development costs involve four areas. First, additional subsystems impose associated implementation costs. Second, incorporating new and cost-effective technology imposes start-up costs. The recent implementation of microprocessor local area networks have improved accuracy and reduced data entry costs. Third, regulatory changes require associated changes in data base structures and procedures. Finally, regulatory changes also require a backward look to assure system continuity and report consistency. Substantive future regulatory changes will continue to incur additional implementation expenses. While some flexibility can be accommodated, many functions must be reconfigured with each regulatory change.

SENATOR ANDREWS: New requirements for both annual and pipeline leak reports are said to be a reason for modifying the system. These new requirements reduce reporting cost for the industry by \$5 million. The new requirements also provide more information for defining safety problems and devising regulatory solutions. While this is a praiseworthy achievement, your justification last year also requested \$115,000 to accommodate regulatory changes in the number and content of leak reports and annual reports for gas. Why was last year's funding insufficient to complete changes in the system?

ANSWER: Prior funding has been and is being used to convert to off-line data entry, and to accommodate the new report structures. Since these changes involved the nature, amount and extent of information collected for both incident and annual pipeline reports,

considerable effort is required to merge or realign current and prior data bases.

SENATOR ANDREWS: Why do R&D expenses continue to be such a large part of the HMIS? This year, you are requesting about 30% of total HMIS cost for R&D, this after you've spent \$575,000 in 1982, \$600,000 in 1983, and \$230,000 in both 1984 and 1985, a total of \$1,635,000 to develop a system apparently still not finished.

ANSWER: HMIS is an evolving system, its size, content, structure, use, regulatory environment and operational environment are dynamic. The R&D portion of the HMIS reflects the efforts made to respond to these changing parameters in as cost effective a manner as possible while still meeting the changing needs of the user community.

RADIONAVIGATION

SENATOR ANDREWS: According to last year's House testimony "there is considerable pressure by state aviation authorities and user groups to expand LORAN-C coverage into the mid-continent U.S. It is expected that the Coast Guard will not take any action on this expansion unless justified by FAA. The repeatable accuracy of LORAN-C is five times greater than that (SIC) will be provided to the civil community by GPS". Given this information, and since extant systems will remain until the end of the century, isn't it time to make a decision on LORAN-C expansion?

ANSWER: The Secretary of Transportation has concurred that the FAA Administrator's plan to implement a mid-continent expansion of the LORAN-C system has merit. This decision was based on a review provided by the DOT Science Advisor, the Coast Guard and the Assistant Secretary for Budget and Programs. Their supporting comments indicated there were benefits far beyond those of the aviation community, namely land users in the mid-continent area and marine users in the Gulf of Mexico will benefit. The Secretary believes any final mid-continent funding decision should be supported by a cost/benefit analysis. The FAA is currently carrying out other plans related to the development of non-precision approaches in areas of existing LORAN-C coverage, which has been requested by the state aviation authorities and other user groups.

SENATOR ANDREWS: Has your economic model predicted the losses to potential users from delaying expansion of mid-continent LORAN-C or a system with similar capabilities?

ANSWER: No, the losses by not going ahead have not been computed by the model since it was expected that the Secretary would approve the FAA request to proceed with LORAN-C expansion.

SENATOR ANDREWS: Are decisions on other navigation systems being delayed while efforts are made to improve NAVSTAR performance?

ANSWER: No major system improvements, other than those contemplated for LORAN-C, are being delayed by having R&D activities now focused on the Global Positioning System (GPS). The Secretary has asked us to continue evaluations of GPS to ensure that proceeding with any LORAN-C transmitter purchase is worthwhile.

SENATOR ANDREWS: Is the \$10 billion NAS FAA plan being coordinated with radionavigation developments?

ANSWER: Plans for all radionavigation systems used by the aviation community are now being incorporated in the National Airspace Systems Plan (NASP). The Federal Radionavigation Plan (FRP) which is coordinated with the Department of Defense is a supporting document to the NASP.

PRE-1940 GAS PIPELINES

SENATOR ANDREWS: P.L. 98-464, the Gas Pipeline Reauthorization, calls for RSPA to study Pre-1940 pipelines, and oversight of operators' leak surveys. What is the status of this study? Is maintenance on older pipelines declining and leading to RSPA declaring them unsafe, thus unburdening the operator economically from certain unprofitable lines?

ANSWER: Questionnaires were mailed to all interstate pipeline operators with a response due by April 11, 1985. The data obtained from the survey will be evaluated and inspection of appropriate facilities will be scheduled for May and June. The final report will be prepared by July, 1985. The existing regulations for pipelines require that all pipeline facilities be maintained in a safe operating condition. At this point, RSPA does not have any evidence that maintenance on older pipelines is declining.

TRANSPORTATION SYSTEMS CENTER

SENATOR ANDREWS: Explain the increase in total obligations of the Transportation Systems Center (TSC) (Cambridge, MA) of \$13,000,000 in FY 1985.

ANSWER: The Transportation Systems Center's program size depends on the utilization of its services by other elements of the Department. In FY 1984, the FAA substantially expanded its use of TSC to support its modernization of the Air Traffic Control System and related internal management improvements. Also, TSC has responsibility for implementing DOT's Small Business Innovative Research Program. These two efforts contributed to increases in both FY 1984 and FY 1985.

SENATOR ANDREWS: Provide an analysis of each modes level of research activity for FY 1983 through FY 1986.

ANSWER: TSC's funding supports a wide variety of activities, such as information systems development and management, program planning and oversight, and policy and regulatory analysis. The following chart shows obligations for all TSC programs:

TSC OBLIGATIONS BY SPONSOR AND FISCAL YEAR (\$K)

<u>ADMINISTRATION</u>	<u>FY 1983</u> (Actual)	<u>FY 1984</u> (Actual)	<u>FY 1985</u> (Est.)	<u>FY 1986</u> (Est.)
USCG	5,191	6,343	7,300	*
FAA	11,751	29,931	43,400	*
FHWA	1,048	950	500	*
MARAD	239	445	200	*
NHTSA	5,112	4,958	2,900	*
UMTA	13,471	9,797	9,200	*
FRA	3,304	3,912	3,600	*
RSPA	1,838	2,085	1,800	*
OST	1,368	1,277	1,400	*
Other	4,188	2,620	4,700	*
	47,510	62,318	75,000	70,000

*Detailed information for FY 1986 is not available because TSC derives its funding from sponsors who cannot make commitments to TSC until the start of the fiscal year. Decline in total obligations assumes impact of reduced federal budget.

SENATOR ANDREWS: What program reductions, pursuant to the Deficit Reduction Act, have been taken by the TSC?

ANSWER: The Deficit Reduction Act was intended to reduce appropriations made for FY 1985. Because TSC has no direct appropriation, any impacts on the Center are made through reductions in sponsor funding. However, in the spirit of the act, TSC is continually seeking improved cost control mechanisms. For example, it is seeking to implement depreciation methodologies to permit better matching of costs with use, and to permit acquisition of necessary major facility and general support capital items. This would keep such costs within the limits of existing appropriations rather than, as now, to require new funding.

BUDGET SCHEDULES

SENATOR ANDREWS: What budget items are covered by the budget appendix language regarding "additional authorizing legislation to be proposed for \$9,000,000"?

ANSWER: The \$9,000,000 authorizing legislation to be proposed covers the Pipeline Safety effort, for both gas and liquid, and the Grant-in-Aid program.

SENATOR ANDREWS: Explain the increase of over \$1,000,000 in FY 1985, and corresponding decrease in FY 1986 as part of the "reimbursable program". Are the "non-Federal sources" collections from air carriers and other users of aviation data? If so, how do these levels compare with actual CAB collections for FY 1983 and 1984? Also explain why actual FY 1984 collections were only \$654,000, instead of the estimated \$1,500,000.

ANSWER: The reimbursable program estimate for FY 1984 was \$1,500,000. However, the actual funding amounted to only \$654,000 because the University Research proposal process was not completed in time for the obligation to be made in FY 1984. The additional \$452,000, was obligated the first quarter of FY 1985.

The decrease in the estimate for FY 1986 is the result of the University Research program being transferred to the Office of the Secretary.

The "non-Federal sources" of funds for FY 1985 and 1986 are the estimated funds to be received from state and local government, other public authorities, and private sectors for expenses incurred for training at the Transportation Safety Institute.

None of the "non-Federal sources" collection relate to aviation data.

OFFICE OF INSPECTOR GENERAL

SENATOR ANDREWS: The Office of Inspector General budget is decreased in FY 1986 by \$122,000 because of the transfer of two positions to RSPA associated with data collection. Are these positions included in the 21 position increase RSPA shows for FY 1986?

ANSWER: The 21 position increase requested for FY 1986 includes two positions transferred from the Office of Inspector General.

OBJECT CLASSIFICATION

SENATOR ANDREWS: Explain the FY 1984 increase in "Standard Level User Charges" (actual increase \$268,000 or 56% over estimate). Update the information requested on page 170 of last year's hearing. Explain the FY 1984 increase in "equipment" (actual increase \$91,000 or 217% over estimate).

ANSWER: The FY 1984 increase in "Standard Level User Charges" (SLUC) over the estimate is the result of the GSA's 10 percent space reduction program not being completed until the last quarter of FY 1984. It was planned that we would reduce our space by 9,610 square feet in early to mid 1984. The Office of the Secretary stated that the reduction in SLUC square footage would not be implemented until FY 1985. In addition, the FY 1984 estimate was based on headquarters space only and did not include the cost of the regional offices.

The average cost of space per employee in FY 1984, 1985, and 1986 is as follows:

<u>1984</u>	<u>1985</u>	<u>1986</u>
4,335	3,579	3,579

The increase in "equipment" is attributed to the purchase of eleven word processors which had been leased equipment. The decision was made that it would be more cost effective to purchase the processors rather than continuing to lease them. These word processors are essential because they are used as computer terminals and communicators between headquarters and regional offices. They are used to access the Hazardous Materials Information System. They are utilized to aid in planning and executing in both the hazardous material and pipeline safety enforcement activities.

RAILROAD TANK CAR RETROFIT

SENATOR ANDREWS: You testified last year that by December 31, 1986 large capacity (greater than 18,500 gallons) specification 105 and 111 tank cars, used to transport flammable gases, ethylene oxide or anhydrous ammonia, must be retrofitted. Does this mean that by December 31, 1986 all tank cars used in the transportation of flammable gases will be equipped with insulation and headshields? If not, how many cars are not covered and what percent of flammable gas shipments are moved in such cars?

ANSWER: According to the present regulations, not all tank cars authorized to transport flammable gases will be required to be equipped with thermal insulation and headshields after December 31, 1986. DOT specification 111A100W4 and DOT Class 105 tank cars, with a capacity of 18,500 gallons or less and built before September 1, 1981 are excepted from the requirements. FRA estimates there are 15,000 such cars and that less than 1 percent of the flammable gas shipments after 1986 will occur in these tank cars because they are smaller and less economical to use when compared to the larger tank cars that have been retrofitted.

SENATOR ANDREWS: The December 31, 1986 deadline does not apply to all tank cars that transport hazardous materials. Are there plans to require retrofitting these remaining tank cars. For example, those transporting poisonous gases? What risk do shipments in the remaining tank cars pose?

ANSWER: DOT is analyzing the cost-benefits of requiring additional protection to the other remaining tank cars. Particular attention is being focused on tank cars transporting chlorine and on tank cars constructed of aluminum. The risks of shipments in the remaining tank cars not equipped with thermal insulation and headshields are generally low. Either the commodities being shipped have relatively low toxicity, corrosivity, or flammability hazards or the tank cars already have some protection, such as increased metal thickness or operational restrictions. In some cases we do not believe that retrofitting a tank car is the proper solution to a safety problem. A better answer may be to require the hazardous material presenting the problem to be carried in higher integrity tank cars. For example, we recently issued a notice of proposed rulemaking that would require use of a class of tank cars having much greater containment integrity than tank cars presently authorized for transportation of materials posing significant inhalation toxicity risks.

EMERGENCY TRANSPORTATION

SENATOR ANDREWS: You are again requesting \$175,000 for data base development. This data base is a "repository of selected multi-modal information on key transportation facilities." Despite past funding, you state the data base is not yet complete and requires periodic updating. What data is missing?

ANSWER: Although the Emergency Transportation Data Base contains a wide variety of civil transportation related data, such as key highway bridges and tunnels, port facilities and critical rail facilities, the data base lacks marine oriented data, such as inland-waterway facilities, and rail rolling stock inventory with dynamic location capability.

SENATOR ANDREWS: Who supplies the information?

ANSWER: The data is derived from three sources. The primary source is the DOT modal administrations, who accumulate information required in exercising normal management of their respective modes. The second source is from entities, such as the Association of American Railroads, which are uniquely qualified to provide information for their respective civil transportation sectors. The third source is from commercial organizations which provide statistical information on such data as intercity truck registrations.

SENATOR ANDREWS: In view of the need to keep this information current, wouldn't it be more appropriate to have the various DOT modal administrations provide periodic reports to you in standardized format, and avoid duplicative efforts?

ANSWER: In order to assure that no redundancy or duplication of effort is being conducted, OET fully coordinates emergency data requirements through an interagency working group composed of representatives from the appropriate modal administrations.

Hazardous Material Response Training

SENATOR ANDREWS: A recent Washington Post article on Fairfax County's hazardous material response team stated "Because the field is relatively new, members also are sent to the National Fire Academy in Emmitsburg, Maryland, U. S. Coast Guard Training Center in Yorktown and the Environmental Protection Agency in Edison, New Jersey". Do these other Federal hazardous materials training centers coordinate their programs with RSPA and the Transportation Safety Institute in Oklahoma City to assure consistency in presentation and minimize course development costs?

ANSWER: DOT does not offer emergency response training except through the Coast Guard. It is RSPA's understanding that to the extent that DOT (through the U. S. Coast Guard Training Center) is involved in emergency response training there is coordination with EPA and FEMA. TSI does not teach an emergency response course.

SENATOR ANDREWS: Do these agencies offer similar courses? Can state and industry transportation costs be minimized by directing students to the nearest facility?

ANSWER: The U.S. Coast Guard is the only DOT element which offers courses in emergency response. As far as we can ascertain the courses offered in the field of emergency response do not duplicate or overlap. It is a reasonable assumption that state and industry transportation costs can be minimized.

MUNICIPAL GAS SYSTEMS

SENATOR ANDREWS: A sizeable portion of your enforcement actions, about one-half, involve gas systems operated by towns and municipalities. Do these operators pose a particularly high risk?

ANSWER: Municipal systems are largely concentrated in the South and Southwest regions of the U.S. Most of these systems were constructed and are owned and operated by small municipal or parish governments for the common good of their constituents. Because of their size and financial situations, many municipal

governments have, in the past, neglected the maintenance and protection of their systems. This has led to the serious deterioration of many such neglected systems. In addition, such systems were often placed under the control of city employees with little or no experience or training in pipeline safety. A number of these municipal systems do present potential risks justifying the inspection efforts we devote to them.

SENATOR ANDREWS: Could you provide for the record the number of incidents, injuries and deaths caused by municipal operators?

ANSWER: The following table lists the deaths, injuries and incidents for the years 1970 through 1984. An additional indicator of potentially dangerous systems which we use in planning our municipal systems inspections is the amount of unaccounted for gas which they report on their annual reports. These figures are regularly higher than for non-municipally operated distribution systems.

MUNICIPAL STATISTICAL DATA—PIPELINE INCIDENTS

	All Distribution Systems	Municipally Operated Distribution Systems
YEAR 1970	TOTAL	MUNICIPAL
DEATH	24	0
INJURIES	216	1
NUMBER OF INCIDENTS	720	2
YEAR 1971	TOTAL	MUNICIPAL
DEATH	41	0
INJURIES	366	1
NUMBER OF INCIDENTS	887	5
YEAR 1972	TOTAL	MUNICIPAL
DEATH	28	0
INJURIES	314	3
NUMBER OF INCIDENTS	902	7
YEAR 1973	TOTAL	MUNICIPAL
DEATH	38	0
INJURIES	326	3
NUMBER OF INCIDENTS	901	13
YEAR 1974	TOTAL	MUNICIPAL
DEATH	9	2
INJURIES	256	9
NUMBER OF INCIDENTS	912	13
YEAR 1975	TOTAL	MUNICIPAL
DEATH	2	0
INJURIES	196	4
NUMBER OF INCIDENTS	906	11
YEAR 1976	TOTAL	MUNICIPAL
DEATH	36	0
INJURIES	196	7
NUMBER OF INCIDENTS	908	13

MUNICIPAL STATISTICAL DATA—PIPELINE INCIDENTS—Continued

	All Distribution Systems	Municipally Operated Distribution Systems
YEAR 1977	TOTAL	MUNICIPAL
DEATH	28	0
INJURIES	512	9
NUMBER OF INCIDENTS	1125	24
YEAR 1978	TOTAL	MUNICIPAL
DEATH	7	0
INJURIES	184	1
NUMBER OF INCIDENTS	918	7
YEAR 1979	TOTAL	MUNICIPAL
DEATH	33	9
INJURIES	279	32
NUMBER OF INCIDENTS	1456	13
YEAR 1980	TOTAL	MUNICIPAL
DEATH	14	3
INJURIES	164	9
NUMBER OF INCIDENTS	1135	10
YEAR 1981	TOTAL	MUNICIPAL
DEATH	10	0
INJURIES	74	6
NUMBER OF INCIDENTS	992	16
YEAR 1982	TOTAL	MUNICIPAL
DEATH	14	0
INJURIES	242	17
NUMBER OF INCIDENTS	1279	18
YEAR 1983	TOTAL	MUNICIPAL
DEATH	8	0
INJURIES	240	4
NUMBER OF INCIDENTS	1574	6
YEAR 1984	TOTAL	MUNICIPAL
DEATH	23	0
INJURIES	142	7
NUMBER OF INCIDENTS	879	11

SENATOR ANDREWS: Are your enforcement efforts improving the performance of municipal operators?

ANSWER: MTB's inspection and enforcement efforts involving municipal operators have resulted in significant improvements in many such systems, especially in such areas as overpressure protection, cathodic protection, odorization, and operating and maintenance procedures. Several systems or partial systems with critical problems have been replaced through funding from HUD, state grants, or from municipal bonds. The regional inspectors have spent considerable time in on-site informal training of municipal personnel and have encouraged formal training such as that offered by TSI. Problems still exist and we continue to devote considerable effort in this area, but the situation has improved greatly since we began our enforcement activities.

SENATOR ANDREWS: Last year, no fines were levied against such operators. I understand that their non-profit nature and limited financial resources make fines a poor enforcement tool. What actions can you take to bring municipal operators into compliance?

ANSWER: The basic enforcement action we use to bring municipal operators into compliance with the Federal safety standards is the compliance order, which formally delineates the actions that must be taken by the operator within specified time limits. Many compliance orders result in substantial expenditures on the gas system by the operator. Compliance orders usually include periodic progress reports from the operator and frequently the Federal inspectors will perform follow-up inspections to monitor progress or confirm the operator's compliance. If we feel that the compliance history of the operator and the nature of violations warrants a less stringent enforcement action on our part, we can issue a warning letter which advises the operator of the regulations with which the system is not in compliance and advises him that the standards must be met. Should either of these actions not prove effective, it is possible to impose a civil penalty, to refer the action to the Department of Justice, or, if an imminent threat to life or property is present, a hazardous facility order, which can include an order for immediate action including the shutdown of a facility, can be issued.

QUESTIONS SUBMITTED BY SENATOR CHILES

Natural Gas Pipeline - Funding

SENATOR CHILES: The Natural Gas Pipeline Safety Act of 1968 set up a 50-50 matching grant-in-aid program to provide for state enforcement of Federal Pipeline Safety Regulations. The \$4.5 million proposed in the 1986 budget represents a 31% Federal match for the program. While I understand that you are proposing a 50-50 match for 26 states, other states, like Texas and Louisiana, are getting far less than 50% even though they are among the states with the largest pipeline mileage. In view of the 32 gas pipeline fatalities last year, why is the agency proposing to not meet the Federal responsibility in this area?

ANSWER: The Congress does not require a 50-50 Federal match with the states. It authorizes the Federal government to pay up to 50% of the costs of a reasonable state pipeline program. In fact, the Federal share is very close to 50% of most states' actual costs now. We believe that \$4.5 million is adequate to continue a Federal/state pipeline safety program that achieves the objectives of Congress.

Natural Gas Pipeline - Funding Formulas

SENATOR CHILES: Wouldn't it be preferable to allocate the program funds to the states with the greatest risk?

ANSWER: Up until 1981, all states participating in the Natural Gas Pipeline Safety Grant-In-Aid Program were receiving the full 50 percent funding for program costs authorized by the

Act. Beginning in 1981, it became apparent that the Federal funding would be insufficient to reimburse the states at the 50 percent level. Therefore, it was necessary to revise the method used to allocate the limited Federal dollars. The state pipeline safety program managers recommended, through the National Association of Regulatory Utilities Commissioners, a method of allocation that provided that as the amount the various state requests grew they should receive a progressively reduced percentage of their respective requests. RSPA accepted this concept and refined the methodology for the 1983 and 1984 grant programs. These allocations are theoretically based on need to the extent that a state determines need by the amount requested.

However, in FY 1985, RSPA decided that the Federal allocations should also be used to encourage states to take on more responsibility and improve their programs. This formula, while partially based on the states' asserted needs, is also based on creating incentives for improved state pipeline safety programs.

The formula for FY 1986 will be based on this concept but is undergoing internal fine tuning and review. We will keep you informed as to our plans for allocating the Federal dollars.

LIQUID GAS PIPELINE PROGRAM

SENATOR CHILES: In 1979, the Congress passed legislation extending the Agency's responsibility to the transportation of hazardous liquids by pipeline and also authorized a 50-50 matching program to encourage states to enforce Federal regulations of liquid gas pipelines. I understand the RSPA still does not have liquid gas pipeline regulations finalized and again this year, no funding is requested for the program. When do you expect to have the regulations finalized?

ANSWER: Federal safety standards for intrastate hazardous liquid pipelines are scheduled to be issued in final form in March 1985. These safety standards will apply to intrastate pipelines that transport liquefied petroleum gas.

SENATOR CHILES: Should the Congress permit RSPA the flexibility to also use natural gas matching funds for a liquid grant program so we can have some hope of the program getting off the ground in 1986?

ANSWER: Our authorization bill for natural gas and hazardous liquid pipeline programs, which will be transmitted soon to the Congress, features as its key component a proposal to merge the grant-in-aid programs prescribed in the Natural Gas Pipeline Safety Act of 1968, and the Hazardous Liquid Pipeline Safety Act of 1979. The two principal impacts of the merger would be to:

- o Allow states to direct their Federal grant dollars to those pipeline problems which demand the greatest attention.
- o Enable us to meet both the wishes of Congress as expressed in the HLPESA, and our administrative needs by providing a unified approach to the operation of substantially identical programs.

RSPA believes that such a merge would benefit both the state and Federal programs. The state would gain flexibility in allocating their resources to their gas and liquid pipeline safety efforts and the administrative burden would be lessened. The Federal program

presently has that flexibility and it is working well. The federal workload for administering the two funds would also be lessened. RSPA does not believe that a merger would require additional dollars for the merged program.

LOCAL CAPABILITIES TO RESPOND TO HAZARDOUS MATERIAL EMERGENCIES

SENATOR CHILES: Over the weekend 28 cars of a Seaboard Coastline train headed toward Savannah, Georgia, derailed in Jackson, South Carolina, and 9 cars loaded with hazardous chemicals caught fire requiring a 1/2-mile area around the wreck site to be evacuated.

I noticed in your statement that many state and local officials need more training, information and guidance to properly plan for and respond to hazardous material emergencies. RSPA already publishes and distributes the Emergency Response Guidebook.

Please describe for the Committee the non-profit foundation you feel should be established to respond to the state and local needs for more training.

If the private sector fails to respond to your \$10 million proposal to fund such a foundation, what Federal responsibility do you believe exists in this area and what additionally should be done by RSPA?

ANSWER: The concept is as follows:

- Establishment of a private sector non-profit foundation.
- Voluntary dollar commitments to the foundation by those involved in the transportation of hazardous materials totalling \$10 million a year for 3 years.
- Most of the \$10 million would be set aside for state and local grants for attending emergency response training programs currently existing both within government and within the private sector.
- The Foundation would be run by an executive director and a small staff who would perform such tasks as processing grants; setting priorities for who gets how much; assessing training programs; and matching state/local needs with the training programs.
- Oversight of the Foundation by a small board of directors composed equally of industry and state and local representatives.
- At the end of 3 years, this board would issue a report to the Congress on the adequacy of Emergency Response training with recommendations for the best way to meet future training needs.

A more detailed description of the concept and discussion of the need for such a foundation follows.

A WORKING PAPER ON AN INITIATIVE TO IMPROVE EMERGENCY RESPONSE

ISSUE: To enhance the ability of state and local governments to respond to hazardous materials emergencies, by improving the quality, quantity, and delivery of training for emergency response personnel.

BACKGROUND: Hazardous materials, a regulatory class of commodities that includes chemicals, petroleum and petroleum by-products radiopharmaceuticals, and common household products, are an integral part of our way of life. Hence, their movement in transportation, via air, road, rail, and vessel, is a socioeconomic necessity. Highlighting this necessity is the fact that our international trade in chemicals represents a positive contribution to the Nation's overall balance of trade.

Inherent in the production, transportation, and use of hazardous materials is the underlying risk they pose. In the vast majority of cases, however, the risk is known and is manageable. By Congressional mandate, it is the Department of Transportation that is primarily responsible for managing the transportation risk, through rulemaking and enforcement, and reconciliation of federal interests with those of states, localities, and industry.

In recent years, as a result of several catastrophic or near-catastrophic accidents (train derailments at Waverly, Tennessee, and Livingston, Louisiana, and the crisis at Three Mile Island), public, Congressional, and media attention on hazardous materials issues has been magnified. As a result, the various constituent members of the hazardous materials community have been challenged to increase their efforts to respond affirmatively to the fact and perception of hazardous materials risk. Of particular significance has been the widespread increase in the number of local controls and prohibitions on the transportation of hazardous mate-

rials. In most cases, these restrictions are said to be necessary because local jurisdictions lack adequate information on the nature and number of hazardous materials shipments traversing their borders, as well as the response capability to confront any emergencies that might occur.

To remedy the problems they see themselves confronted with, state and local governments have looked to the Federal government - either as regulator or defendant - for relief. From the Federal regulator, these jurisdictions seek information collection and dissemination programs that will afford the data considered necessary to determine the level and nature of risk. In addition, they seek the validation of their regulations in the face of the Federal regulatory framework. From the Federal defendant, they seek, not only the data and the freedom to regulate, but also the resources necessary to respond to the risk.

Caught in the middle of this governmental squeeze are those elements which comprise the hazardous materials industry in this country - chemical manufacturers, chemical and hazardous materials shippers, container manufacturers, and carriers. While their interests cannot be said to be identical with their governmental overseers, their interest in safe and efficient operations align them with the ends, if not always the means, of Federal, state and local regulators.

The hazardous materials industry has been no less active than state and local governments in addressing the issues. Primarily through judicial and administrative proceedings to establish the consistency of state and local hazardous materials controls with their Federal counterparts, and participation in the Congressional examination of the issues, the hazardous materials industry has demonstrated a commitment to a rational long-term reconciliation of its interests and the interests of those who regulate

it. Clearly, the time has come to achieve that reconciliation to the maximum extent possible.

DISCUSSION: The issue of emergency preparedness and response has in fact become a National debate. Within that debate, however, there are certain propositions on which all parties agree. Principal among these is the proposition that primary responsibility for the immediate response to hazardous materials emergencies lies with local governments. There is also general agreement that these governments, to varying degrees, are not capable of adequately responding to all the risks to which they are potentially exposed. Thirdly, the Federal government, because it defines the regulatory framework which governs the movement and distribution of the risk across the Nation, has primary responsibility for assuring that the risks are adequately addressed and controlled. Fourth, the industry, as the principal generator, transporter, and consumer of hazardous materials, has the legal responsibility for complying with all applicable safety standards in the management of hazardous materials. Finally, in order to improve the level of hazardous materials emergency preparedness and response, all participants in the National debate must execute their responsibilities diligently and with the greatest possible degree of coordination.

In view of these commonly held premises, it is appropriate for the industry, with the support and encouragement of the Department of Transportation, to undertake an initiative to effectively and directly improve hazardous materials emergency response. The immediate focus of this effort (i.e. enhancing the training of response personnel) is a subject with which all are familiar, but which has suffered in the absence of a coordinated effort in development of curricula and delivery of service. Although recognizing that emergency preparedness involves other important components, notably planning and incident response, the initiative,

although adaptable to future expansion, should be limited in its initial phase to training for at least the following reasons:

- o There is general agreement that in all cases the amount and quality of training needs to improve, whereas in other areas (e.g. information needs, planning tools, and equipment requirements), in-depth assessments of need must first be performed.
- o The need to attempt only those efforts that are reasonably achievable in the near term dictates that the immediate focus be narrow.
- o An initiative that would bring training to the local emergency responder would reduce local government training costs thereby freeing funds for other uses (i.e. planning and equipment).

The cornerstone of this initiative, described in detail below, is the commitment by industry - philosophically and economically - to be at the heart of the effort. The industry would be the primary funding source as well as the developer and provider of training. The Department could provide technical support as well as a single point of contact within the Federal government to assure the coordination of this effort with other Federal agencies and programs involved in training and emergency response-related activities.

This effort by the industry recognizes both its ongoing activities in emergency preparedness through inter-corporate mutual assistance programs and industry-specific training efforts, as well as its view that the effort should be as uniform and nationally-based as possible. This latter point is particularly relevant to the desirability of approaching all

issues relevant to hazardous materials transportation in a nationally uniform manner to the maximum degree achievable.

THE INITIATIVE: Key industry elements representing hazardous materials manufacturers, shippers, and carriers, as well as container manufacturers, would associate under the structure of a non-profit corporation (Foundation) to administer a program having the following purposes:

- o Improving the state of emergency preparedness in the U.S. for dealing with emergencies involving the accidental or unintended release of hazardous materials.
- o Promoting and facilitating the delivery of educational and training curricula and related materials designed to improve the professional knowledge and skills of state and local government emergency response personnel.
- o Financially assisting state and local response personnel to obtain necessary emergency response training.
- o Aiding states and local governments in assessing the risks attributable to commercial hazardous materials activities, thereby enhancing their planning and development capabilities.

The Foundation would receive funds for its start-up and initial organization and operation from the subscriptions of those industry participants who would constitute the initial charter members. The Foundation would have the following key features:

- o It would be created as a non-profit corporation (or public charity) under Section 501(c)(3) of the Internal Revenue Code of 1954.
- o It would be limited, by its charter, to a life span of three years, with a determination as to its continued existence to be based on an assessment of its performance during that three-year period.
- o The funding that is projected to be necessary is approximately \$10 million for each year of the three years of its chartered existence. The initial funding to actually establish the Foundation would be in the neighborhood of \$2-\$3 million, and would derive from the charter members. Subsequent funding would come from industry-wide subscriptions (as well as other private sector donors, such as trade associations and public interest groups).
- o It would have a governing structure that would include a Board of Directors, a strong Executive Director and a working level staff. Both the Board and the staff would have representation from industry, the Federal government, and state and local governments.
- o The Foundation would disburse available funds
 - to its staff for the development and delivery of training directly to state and local emergency response personnel (including "training the trainers"); and
 - to states and localities, through a grant program, upon application and a showing of need for unique or more in-depth training.

- [A portion of the funds would be used to cover the day-to-day operations of the Foundation].

- o The Board of Directors, meeting on a regularly scheduled basis, would have the following primary responsibilities:
 - Establishing the mission, goals, and priorities of the Foundation;

 - Assessing the preparedness needs of state and local governments based on available information from government and the private sector;

 - Maintaining a point of contact with the Department of Transportation for the receipt and dissemination of information concerning issues and problems associated with emergency preparedness;

 - Providing a centralized source of information on the state-of-the-art in emergency preparedness training, planning, and response.

Of fundamental importance to the ultimate success of the Foundation will be the level of knowledge and expertise of those persons who will make up the Board of Directors. The people chosen to serve in these positions must hold substantive senior positions in business and government, with demonstrated skills in issue identification and resolution. The presence of these abilities is essential not only to assure the quality and success of the Foundation's effort, but also to establish a high level of integrity and credibility so as to attract the participation and funding of other private sector groups.

TRANSPORTATION SYSTEMS CENTER

SENATOR CHILES: Last year, the RSPA proposed to eliminate Federal support for the Transportation Systems Center (TSC) in Cambridge, Massachusetts. Is the Department doing an A-76 review of TSC and if not, are you continuing any study efforts that may lead to another proposal to privatize the TSC? Are changes in TSC status affecting morale and productivity at the Center?

ANSWER: DOT is not currently performing an A-76 review nor is any study currently underway that may lead to privatization of TSC. The DOT appropriations bill for FY 1985 prohibits the defederalization of TSC since section 312 of the Act prohibits any studies directed toward changing the federal status of TSC. DOT would like to work with Congress to plan for the future of TSC.

The morale at TSC is high. A permanent Director, Lou Roberts, has been appointed to manage the Center. Secretary Dole, Lou Roberts and I have worked hard to assure the staff of their competence and DOT's reliance on their work.

STATE HAZARDOUS MATERIALS ENFORCEMENT DEVELOPMENT
(SHMED) PROGRAM

SENATOR CHILES: The SHMED program of grants and technical assistance to states to handle hazardous materials transportation on highways is scheduled to terminate at the end of this fiscal year.

In view of the potential disasters which can occur with these dangerous cargoes, what assurance is there that the states are now equipped to take on their responsibilities? Isn't this too important a program to just let it lapse?

ANSWER: It has been RSPA's commitment through the SHMED program to provide the states with an opportunity to implement an effective hazardous materials inspection/enforcement program that would continue without the financial assistance of the SHMED program. We will continue, however, to lend leadership and guidance to all states in hazardous materials transportation safety.

RSPA believes that the phasing out of SHMED will not make it more difficult to persuade the states to adopt the Federal hazardous materials regulations because there is an availability of federal funds under the MCSAP program. RSPA has worked with FHWA in this regard. A state, in order to receive MCSAP funds, must agree to adopt, in substance, the federal hazardous materials regulations. Further, RSPA has requested \$200,000 in its budget for State/Federal workshops designed to encourage State adoption and enforcement of the Federal hazardous materials rules.

SHOULD MORE HAZARDOUS LIQUIDS BE REGULATED

SENATOR CHILES: Current Federal regulations for hazardous liquid pipelines cover petroleum, petroleum products, and the anhydrous ammonia. These three liquids have been determined to be the principal hazardous liquids transported by interstate pipeline facilities. The Hazardous Liquid Pipeline Safety Act authorizes the Department to regulate the safety of additional

hazardous liquids if it is determined that they pose an unreasonable risk to life or property. Are there other liquids such as ammonium hydroxide, ethanol, and liquefied carbon dioxide transported by pipeline that pose a risk to life and property?

ANSWER: For the Department to regulate the safety of pipelines carrying other potentially hazardous liquids, such as those you mentioned, the applicable statute requires the Secretary to determine that the liquid involved "may pose an unreasonable risk to life or property when transported by pipeline facilities" (49 USC 2001 (2)(B)). In interstate commerce, the only additional potentially hazardous liquid of which we are aware that is being transported in substantial amount by unregulated pipelines is liquefied CO₂, and only a few such pipelines are in operation. Our information about liquefied CO₂ pipelines does not indicate they may pose an unreasonable risk to life or property. In the intrastate area, the limited information we have does not indicate a pressing need to move further than we have proposed.

SENATOR CHILES: Are there other hazardous liquids that should be regulated when the Federal Regulations are amended to cover intrastate liquid pipelines?

ANSWER: There is some intrastate pipeline transportation of other possibly hazardous liquids, but we do not have any information indicating an unreasonable risk to life or property. RSPA is collecting more information on these lines.

SENATOR CHILES: In last year's hearings, you stated that other potentially hazardous materials are monitored less formally through contacts with industry, the technical advisory committee, and academia. What studies does MTB plan to conduct of other liquids to provide a more conclusive basis for regulating or not regulating these liquids? Does MTB know the accident, fatality, and injury rate associated with these other liquids? What does the data show?

ANSWER: MTB does not currently plan to formally study the pipeline transportation of liquids not currently regulated. The Department does not keep statistics on accidents involving non-regulated liquids but continues to rely on contacts with industry, the technical liquid pipeline committee, and academia for making threshold decisions such as the need to formally study regulation of a particular liquid.

In interstate commerce, the only additional potentially hazardous liquid which we are aware of that is being transported by pipeline over any appreciable distance is liquefied CO₂, and only a few pipelines are in operation. Our information about these pipelines does not indicate they pose an unreasonable risk to life or property. There is some intrastate transportation of other possibly hazardous liquids, but RSPA does not have any information indicating an unreasonable risk to life or property. RSPA is collecting more information on these lines.

SHOULD MORE HAZARDOUS MATERIALS BE REGULATED?

SENATOR CHILES: During last year's hearing, MTB had initiated an assessment on the amount of liquid hydrogen being transported. What is the status of this assessment? What does the assessment show?

ANSWER: The assessment referred to in last year's hearing concerned possible problems with the transportation by pipeline of gaseous rather than liquid hydrogen. RSPA recently received from its contractor the completed study, entitled "Safety Criteria for the Operation of Gaseous Hydrogen Pipelines." The study concludes that existing gas regulations may not adequately address certain special problems relating to the transportation of hydrogen, but that the existing hydrogen pipelines pose no more serious threat to public safety than natural gas pipelines because of the special industry-imposed operating practices. RSPA is currently evaluating the study to determine the need for further action at this time.

SENATOR CHILES: The Pipeline Safety Act Authorizations, 1985 requires the Secretary to study issues relating to the transportation of methanol through the interstate liquid pipeline system. What is the status of this study? What does the study show?

ANSWER: As has been previously mentioned, the study has been completed and is now being reviewed by the Office of the Secretary and OMB, and a report on its findings is expected to be submitted to the Congress in April. The study indicates that the pipeline transportation of methanol is feasible. None of the chemical properties of methanol seem to present insurmountable engineering problems for it to be transported by pipeline. Also, the pipeline transportation of methanol does not appear to present a danger to the public that exceeds that of gasoline and other petroleum products currently transported by pipeline. Nor does there appear to be serious economic impediments to the movement of methanol by pipeline, provided sufficient demand for methanol exists.

SENATOR CHILES: Are there other hazardous liquids that should be regulated when the Federal Regulations are amended to cover intrastate liquid pipelines?

ANSWER: Following completion of its review of the States' role in regulating other potentially hazardous liquid pipelines, the Department will take the steps appropriate to determining whether the Federal safety standards should be further expanded to cover additional intrastate facilities. Such steps could include a special study of the risks involved or extension of the existing accident reporting requirements to cover additional pipelines.

QUESTIONS SUBMITTED BY SENATOR KASTEN

ROLE OF FEDERAL REGULATIONS

SENATOR KASTEN: Administrator Douglass, could you describe the role of Federal regulations in the transport of hazardous materials? To what extent do Federal regulations supercede state and local regulations that may exist?

ANSWER: In adopting the Hazardous Materials Transportation Act of 1974, Congress declared its policy to be to-

"...improve the regulatory and enforcement authority of the Secretary of Transportation to protect the Nation adequately against the risks to life and property which are inherent in the transportation of hazardous materials in commerce."

The several grants of authority made in the HMTA evince a strong Congressional intent for a pervasive level of Federal regulation so as to enhance uniformity throughout the country. Although Congress saw a danger in a patchwork of state and local requirements, it provided for the preemption of only those state or local requirements which are inconsistent with Federal requirements. It is clear and firm policy of the Department, and particularly the Research and Special Programs Administration, to encourage the active regulation and enforcement by state governments of consistent hazardous materials regulations. This partnership - expressed through demonstration projects, joint enforcement efforts, and training - is necessary to broaden to the extent possible the ability of government to control the risks inherent in hazardous materials transportation. However, when the interests of the Federal government and state and/or local governments clash, it becomes a role of the Department to reconcile that clash to assure the effectuation of Congressional purpose.

SENATOR KASTEN: If a locality in Wisconsin is concerned about the transport of radioactive waste, what can they do, what recourse do they have in addition to the Federal regulations to protect their interests and solve their concerns?

ANSWER: The Hazardous Materials Transportation Act, and the safety regulations which the Department has promulgated thereunder, recognize that there may be unique local conditions which cannot be adequately addressed within the context of a rulemaking of national applicability. It is for this reason that Congress included in the HMTA a provision authorizing the Department to waive Federal preemption of an inconsistent state of local rule under certain circumstances.

If a locality's concerns over radioactive waste transportation are linked to a unique local condition, it may address those concerns by adopting local rules which satisfy the HMTA's criteria for non-preemption, i.e. the local rules must offer an equal or greater level of overall safety without causing undue burden on commerce.

If a locality's concerns are based on a dissatisfaction with the adequacy of applicable Federal safety standards, proper recourse is to articulate those perceived inadequacies in a petition for rulemaking, in order that the concerns may be examined objectively and any changes deemed necessary can be made effective nationwide.

QUESTIONS SUBMITTED BY SENATOR BYRD

U.S. METHYL ISOCYANATE
INSTITUTE, WEST VIRGINIA

SENATOR BYRD: Ms. Douglass, the Kanawha Valley of West Virginia has long been a major chemical processing center. The tragedy in Bhopal, India, on December, 1984, together with the location of the sole U.S. methyl isocyanate production unit in Institute, West Virginia, has raised the awareness of the citizens in the Kanawha Valley. Clearly, it is vital that adequate protection be afforded those who live near facilities that produce, transport, or consume hazardous materials. The question is: "What is an adequate level of protection?"

Your FY 1986 budget, which the Subcommittee is now considering, was largely formed before the accident in India. In view of the heightened awareness and the need to implement the lessons learned from the Bhopal tragedy, do the FY 1985 program and the FY 1986 budget request permit your office to adequately respond to the increase in emergency response planning, training, policy analysis, and other activities related to the chemical industry?

ANSWER: "What is an 'adequate' level of protection?" cannot be answered objectively. The answer will vary depending on who is asked. I believe that "adequacy" is a function of what level of risk the public is willing to accept in light of the costs of lowering the risk and the benefits resulting from the commerce. We all benefit from the products that are "hazardous" and we accept that these products must move in transportation. The products move relatively safely in commerce (7 deaths and 242 injuries as a result of hazardous materials transportation in 1984). RSPA is constantly seeking reasonable and practicable (as directed in the Hazardous Materials Transportation Act) ways to improve the level of safety and reduce the risks.

Our FY 1985 appropriation and FY 1986 budget request include adequate funds for us to perform the policy and technical analyses necessary to support our regulatory activities which are directed at preventing and minimizing the adverse effects of hazardous materials transportation accidents and unintentional releases of hazardous materials in transportation.

We are also encouraging the establishment of a private sector-funded Foundation which would fund training of state and local response personnel. We are considering alternatives to such a private sector initiative should the private sector choose not to support such a Foundation.

SENATOR BYRD: Would you please comment on any modification that you believe should be made to better coordinate the planning and emergency response activities of the multiplicity of Federal, state, local, and private organizations with an interest in hazardous materials production, distribution, and use?

ANSWER: RSPA is responsible for safe transportation of hazardous materials. One aspect of this is emergency response. We have funded a number of projects aimed at emergency response, such as the six demonstration projects and the Emergency Response Guidebook which have been provided to fire and police departments

in sufficient quantities to outfit every emergency response vehicle in the nation. Our experience with the six local hazardous materials transportation emergency preparedness projects which DOT sponsored was that emergency preparedness planning is best done on a regional basis with extensive involvement of persons and organizations representing both the public and private sectors in that region. This is a process which can be encouraged and supported by Federal agencies but which, to be effective, must be carried out by state and local officials and private organizations within each concerned region.

SUBCOMMITTEE RECESS

Senator ANDREWS. The subcommittee now stands in recess until 10 a.m., Thursday, February 28, when we will hear the National Highway Traffic Safety Administration.

[Whereupon, at 11:10 a.m., Tuesday, February 26, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, February 28.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, FEBRUARY 28, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:07 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.
Present: Senator Andrews.

DEPARTMENT OF TRANSPORTATION

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

STATEMENT OF DIANE K. STEED, ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

ACCOMPANIED BY:

HOWARD M. SMOLKIN, DEPUTY ADMINISTRATOR, NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

BARRY FELRICE, ASSOCIATE ADMINISTRATOR FOR RULEMAKING

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GEORGE REAGLE, ASSOCIATE ADMINISTRATOR FOR TRAFFIC SAFETY PROGRAMS

MICHAEL FINKELSTEIN, ASSOCIATE ADMINISTRATOR FOR RESEARCH AND DEVELOPMENT

ADELE SPIELBERGER, ASSOCIATE ADMINISTRATOR FOR PLANS AND PROGRAMS

DANA L. SCOTT, ASSOCIATE ADMINISTRATOR FOR ADMINISTRATION

OPENING REMARKS

Senator ANDREWS. The subcommittee will come to order. This morning we are hearing the National Highway Traffic Safety Administration. Our first witness, of course, is Ms. Steed, the Administrator.

Welcome to the subcommittee. I am glad to have you here. Let me assure you that your total statement will appear in the record in its entirety and you can summarize it any way you wish. We have an opening statement from Senator Chiles that I would like to put in the record at this time.

[The statement follows:]

STATEMENT OF SENATOR LAWTON CHILES

Madam Administrator, I am pleased to welcome you to the committee's hearing today and I look forward to hearing your testimony.

Highway safety programs are extremely important for all Americans since most of us drive on our Nation's highways and we are all aware of the terrible and tragic human costs that can come from highway accidents.

Your request for fiscal year 1986 is for \$80,172,000 in budget authority—a decrease of \$1,370,000 from fiscal year 1985. You are also requesting obligational authority of \$165,300,000 for the Highway Safety Grants Program—an increase of \$10,219,000 over fiscal year 1985.

We will want to carefully consider your testimony and justification of the \$20 million program proposed to increase seatbelt usage and the push to make progress against the tragic waste caused by drunk driving.

STATEMENT OF MS. STEED

Ms. STEED. Thank you, Mr. Chairman. We are very pleased to be here this morning to present and explain our fiscal year 1986 budget.

For the record let me introduce my colleagues. First of all, starting to my far left, is Mr. George Parker, Associate Administrator for Enforcement; next to him is Mr. Barry Felrice, Associate Administrator for Rulemaking; next to him is Dana Scott, Associate Administrator for Administration; and George Reagle, Associate Administrator for Traffic Safety Programs. To my right is Deputy Administrator Howard Smolkin; then Associate Administrator for Plans and Programs, Ms. Adele Spielberger; and, finally, Associate Administrator for Research and Development, Mr. Michael Finkelstein.

Since the whole statement will appear in the record, let me just briefly summarize what our 1986 budget attempts to achieve.

I am very pleased to say that as far as the overall safety of the motor-ing public is concerned, we begin this year with a solid base of steady progress that has resulted from our efforts to increase the use of occupant protection by children and adults and to get the drunk driver off the road.

We now have child safety seat laws in all 50 States and belt use laws in a number of States as well. Child safety seat usage has more than tripled and adult belt usage is clearly on the rise.

With regard to the decrease in drunk driving, the best evidence we have comes from the blood alcohol concentration levels of fatally injured drivers in our Fatal Accident Reporting System or FARS file.

The proportion of individuals with blood alcohol concentration of .10 or greater, that is, those who are legally intoxicated, has fallen steadily since 1980 from about 50 percent to 45 percent in 1984.

The net result of these steady improvements in highway safety can be seen in the fatality rate, the number of highway deaths per 100 million vehicle-miles of travel.

We ended 1984 with a fatality rate of 2.55, and that, Mr. Chairman, is a historic low for that overall measure of highway safety.

Vehicle-miles traveled increased about 4.5 percent over 1983 while fatalities rose by only 2.7 percent, from 42,600 in 1983 to 43,000 in 1984. We firmly believe that that large rise in vehicle-miles traveled

would have led to even higher fatalities were it not for the increase in belt use and the tremendous decrease in drunk driving we have seen across the country.

BUDGET REQUEST

As far as our budget goes, we feel that it provides for a balanced program that combines solutions for the safety problems created both by the vehicle and the driver. We are building, as I said before, on the progress that we have made, and our program is a very carefully balanced one designed to go right to the heart of the problems as we have seen them and identified them.

For 1986 our budget request for ongoing programs provides a total of \$252.5 million. This consists of a request of about \$80.2 million under the Operations and Research Appropriation, proposed transfers of \$17 million from other DOT appropriations to the Operations and Research Appropriation to assist in financing the National Occupant Protection Program, and obligation limitations of \$155.3 million for Highway Traffic Safety Grants.

Essentially we are quite proud of the budget. Except for the Occupant Protection Program it is essentially level funded, with the exception of reductions for the Deficit Reduction Act and certain other overall reductions.

I think that provides a pretty good snapshot picture of our budget, Mr. Chairman, and my colleagues and I would be happy to try and answer your questions.

PREPARED STATEMENT

Senator ANDREWS. Thank you, very much. Ms. Steed, we have your complete statement and it will be placed in the record at this point.

[The statement follows:]

STATEMENT OF DIANE K. STEED

I welcome this opportunity to appear again before you to present and explain our fiscal year 1986 budget request.

FATALITY TRENDS

I am pleased to report that as far as the overall safety of the motoring public is concerned, we begin 1985 with a solid base of steady progress that has resulted from our efforts to increase the use of occupant protection by children and adults and to get drunk drivers off the road. We now have child safety seat laws in 49 States and belt use laws in three States. Child safety seat use has more than tripled and adult belt use has risen from 10-11% to 15-16%. With regard to the decrease in drunk driving, the best evidence we have comes from the BAC levels of fatally injured drivers in our Fatal Accident Reporting System (FARS) file. The proportion of individuals with BAC's of .10 or greater has fallen steadily since 1980, from 50% to 45% in 1984.

The net result of these steady improvements in highway safety can be seen in the fatality rate - the number of highway deaths per hundred million vehicle miles of travel (VMT). We ended 1984 with a fatality rate of 2.55, a historic low for that overall measure of highway safety. VMT increased by 4.5% over 1983 while fatalities rose by only 2.7%, from 42,600 in 1983 to 43,800 in 1984. We firmly believe that the large (4.5%) increase in mileage would have led to higher fatality levels were it not for the increase in restraint use and decreases in drunk driving just mentioned.

PROGRAM EMPHASIS

In line with Secretary Dole's priorities, and her balanced approach to highway safety, we in NHTSA are working to address safety problems by concentrating on solutions involving both the vehicle and the driver.

Our fiscal year 1986 budget request builds on the progress we have made to date and provides a careful balance of highway safety and motor vehicle safety programs. It has been designed to yield the greatest reduction in fatalities and injuries in the most effective and efficient manner. Our resources will be directed at those activities with the most realistic prospect of success and with the maximum safety gains per dollar invested.

HIGHWAY SAFETY

Our highway safety initiatives in fiscal year 1986 reflect intensified efforts to increase safety belt usage and decrease the incidence of drunk driving. Alcohol abuse is the single greatest contributing factor to accidents -- accounting for about half of all highway deaths -- and affords the greatest opportunity for prevention. In the alcohol countermeasure programs, we are continuing to support the evaluation and improvement of the drunk driver general deterrence programs at the community level. We are incorporating those programs, techniques, and strategies that are found to be successful, into training programs and educational materials for use by judges, police, and district attorneys. In addition, we will be developing materials and information in the areas of prevention and intervention, the remaining segments necessary to implement a total comprehensive community alcohol program.

Our best data on alcohol involvement in highway accidents comes from the 15 states that have historically tested more than 80% of all fatally injured drivers for blood alcohol levels, and that reports the results through the FARS. In 1980, these data showed that 50% of all fatally injured drivers were legally intoxicated (blood alcohol levels of at least .10%). This number has steadily decreased so that preliminary data for the first nine months of 1984 show that only 45% of the fatally injured drivers were legally intoxicated.

Safety belts continue to be the best defense against the drunk driver. When accidents occur, up to half of the vehicle occupant fatalities could be prevented through the use of existing safety belts and child safety seats. Increasing numbers of drivers are defending themselves. Our 19 city survey showed that safety belt usage is on an upward trend. As measured by that index, belt usage increased to approximately 15 percent during 1984. Child safety seat usage is increasing as well, and has reached nearly 50 percent.

Promotion efforts involving many national service, safety, health, medical, and educational organizations, private employers, governments, and the media have been expanding as hundreds of safety belt and child safety seat projects across the country have been established. It is expected that usage rates will climb more and more rapidly as a result of these activities.

The Federal Motor Vehicle Safety Standard (FMVSS) 208 decision on passive restraints, which Secretary Dole announced last July, has brought new focus and dimension to the Department's program to promote the use of the safety belts and child safety seats. As the auto manufacturers move to provide

passive restraint systems in their new cars in the coming years, the need to educate and promote public acceptance of occupant protection becomes very important. The Secretary announced that the Department would expand its national education program and that private industry would implement a complimentary program to promote occupant protection. At the same time, State legislatures across the nation are developing and debating legislation that would require the use of safety belts in automobiles. We, in the Department, are very pleased that New York, New Jersey, and Illinois already have such laws. During the 1985 legislative sessions, bills to require safety belt use have been introduced in 29 States.

Coalitions of groups vitally concerned about highway safety and health promotion have been formed in many States to work for an increased understanding of the importance of using safety belts and child safety seats, and we expect that as many as 40 States will have major coalitions by the end of the year.

Our request provides for expansion of the current national program. It also provides for significant concentrations of public information, education and incentive activities in a number of States where the potential for getting large increases in safety belt usage are the greatest. We know that no single measure is sufficient but that a combination of measures will have a synergistic effect.

Continued funding is also proposed for those Safety Formula Grant Programs that are most effective in reducing accidents, deaths, and injuries on our highways. This includes second-year funding for the 10% set-aside for comprehensive computerized safety recordkeeping systems and 8% for child restraint programs. It is imperative that Federal funds be concentrated, as much as possible, on problems of national magnitude and in support of those programs where the best results can be obtained. As an indication of this concentration of grant funds, the States utilized 41% of their total funding in fiscal year 1984 for alcohol programs and 94% of all State funding was concentrated on the five NHTSA priority program areas.

Federal funding of the Safety Formula Grant Program has achieved an impact far beyond the relatively small investment of Federal 402 funds. These funds frequently provide the incremental assistance necessary to bring State and local efforts to the critical commitment necessary to effect the traffic safety problem and save lives. For example, 402 funds were matched by local funds to develop a DUI case tracking system for Salt Lake City. The implementation of this computerized tracking system has increased the

efficiency and effectiveness of the criminal justice system. The implementation of this system revealed that approximately 10% of DUI cases "fell through the cracks" and were never dealt with. With the new system all cases are processed through the criminal justice system.

The program has significantly influenced the growth we have seen in the quantity and quality of highway safety programs initiated by the States. It has also provided the "risk" money which enables States and local agencies to implement new and untried highway safety efforts. As an example, Wichita, Kansas, purchased a BAT (Breath Alcohol Testing) mobile van to increase perception of risk and decrease arrest processing time. As a result, police downtime has decreased from 3½ hours to a little less than 2 hours. The number of arrests for DUI has increased by 26% and Wichita reports a 51.8% reduction in nighttime alcohol related deaths and injuries. As these highway safety programs mature, they become a part of the originating agencies' normally funded budget items.

As you know, Congress enacted the Alcohol Traffic Safety Incentive Grant Program to provide funding to be used as seed money to assist and reward those States that take effective steps toward establishing comprehensive programs aimed at deterring drunk driving and assuring swift and sure arrest, conviction, punishment, and rehabilitation of the DWI offenders.

This Program, which became effective by rule in April 1983, is still a high priority of NHTSA. As of today, half the States (25) have applied and one-third of the States (16) have qualified for grants totalling \$22 million dollars over three years. Early results from qualifying States are encouraging. For instance, North Dakota has shown a reduction in alcohol related fatalities of 44%, Delaware and New Jersey have shown a 30% reduction. The major stumbling blocks to State qualification continue to be the issues of prompt license suspension and mandatory hard license suspension. We are conducting an analysis of the program to determine if it is possible to modify it without compromising the intent of Congress and still allow more States to qualify. I will be reviewing recommendations from NHTSA staff regarding possible modifications this summer.

I want to emphasize that the funding for the Alcohol Incentive Grant Program is not a substitute for State alcohol countermeasure programs provided by basic (Section 402) grants. The two programs are not duplicative; they are mutually reinforcing and indispensable. Public demand has never been stronger to do something about the drunk driver. In creating the Alcohol

Incentive Grant Program, Congress was aware of the broad demands of 402 funding, and clearly intended to provide additional funding as an incentive to the States to establish, and improve, effective programs to fight drunk driving. Under the terms of the legislation, the incentive funds are not to be used to supplant existing program funding or to sustain ongoing programs.

Moreover, the incentive grant program and NHTSA's alcohol program are designed to ensure that State and local anti-drunk driving programs become self-sufficient in the future. The incentive grant program combined with our basic grant program (Section 402) provides an excellent opportunity to make substantial progress in reducing drunk driving. The incentive grant program will also enable the States to implement many of the major changes in their alcohol countermeasure programs recommended by the Presidential Commission on Drunk Driving. These incentive funds are vitally needed to assist the State and local officials in implementing these changes.

Another key highway safety program is the National Driver Register (NDR). The National Driver Register now provides service to State motor vehicle licensing agencies by offering them a means of accessing our master file of individuals who have lost their driving privileges in any of the States. This file can be accessed now not only by mail, which has historically taken up to two weeks for response, but also by use of telecommunications, sending the data over commercial telephone lines and responding within 24 hours.

The implementation of a system that will provide direct access to this file by the States has been called for in the National Driver Register Act of 1982. This new improved system will permit State driver licensing agencies to determine, in less than a minute, if an applicant has a probable match on the NDR file. Access to the summary record in another State pertaining to the individual will be achieved within five minutes. During this past year we completed the design for this upgraded system, and issued a rulemaking notice announcing our proposed transition procedures, and have taken initial steps in the pilot State selection process. These initial steps include: A draft statement of work was distributed to all States requesting their comments and suggestions, and the formal request for proposal to solicit the 4 pilot States is now being developed in our contracting office.

Our schedule for completion of the pilot program, however, will require adjustments. Based on an extensive study of data from six major State driver licensing authorities, DOT staff, and the NDR Advisory Committee, the agency has determined that more time than was contemplated in the statute is necessary

at both the State and Federal level. We are in the process of advising appropriate members of Congress.

We are also pursuing technical upgrades to the present system to speed up our response time for State inquiries. We have renewed our efforts to expand the use of telecommunications to provide overnight services to more States (five are now successfully participating in this manner and seven to eight more are in various stages of planning and implementation). Further, we are seriously considering establishing a rapid response mechanism by providing direct access to the present NDR file pending our conversion to the pointer, "switching" network pursuant to the 1982 statute.

In this year's Emergency Medical Services Program, we are highlighting the following three major areas: (1) motor vehicle injury prevention/reduction; (2) promotion of trauma care systems, and (3) promotion of voluntary standards. For example, in the prevention/reduction area, we are awarding grants to Florida and New Mexico to promote occupant protection use and to focus on the alcohol problem, utilizing established Emergency Medical Services networks. Through a joint effort with the Department of Health and Human Services, we are promoting trauma care system development, by training prehospital care instructors in the proper management of pediatric trauma cases which will lead to State training programs.

I would like to highlight some examples of success stories we have seen recently:

Jackson, Mississippi Occupant Protection Program

In May 1983, Jackson kicked-off its community program. The Mississippi Safety Council, working with the Governor's Highway Safety Program and the City, took the lead in supporting the effort.

Special characteristics of Jackson's program are (1) using a "spotter vehicle" to identify vehicles with a "belt" bumper sticker and with occupants using safety restraints. Prizes are offered to the driver and occupants on the spot, (2) giving monthly awards to those enforcement officers issuing the most citations (warnings) for not using child safety seats, (3) publicizing two City employees whose lives were saved by use of belts, and (4) implementation of a series of successful incentive programs.

Results to date indicate that Jackson residents have increased their usage from 6% to 27%. Credit for this jump goes primarily to the incentive campaigns which have been strongly supported by the community merchants and well publicized throughout the community.

Remington Arms Corporate Occupant Protection Program

In an effort to improve their ongoing occupant protection program, Remington Arms, Inc., of Lonoke, Arkansas, began an aggressive safety belt usage incentive program. This project involved members of the Remington Arms, Inc., "off-the-job" Safety Committee, the Central Safety Committee and the Arkansas Highway Safety Program. The incentive program featured strong employee awareness and education components in addition to the awarding of very modest incentive "prizes" to reinforce proper safety belt usage.

The project was primarily funded by Remington Arms, Inc. The assistance provided by the Arkansas Highway Safety Program was technical, not financial in nature.

Dramatic increases in safety belt usage were found in safety belt usage surveys at Remington Arms. In only ten months, usage increased from 18 percent to 68 percent.

Lockheed Corporation Occupant Protection Program

The Lockheed Missiles and Space Company in California completed a three month special emphasis program with incentives and education strategies. Top management support was made clear through letters and special appearances. Use pledges and employee testimonials were employed as support components. The key focus was on the importance of occupant protection to the employee's family.

Lockheed employs over 27,000 people. Usage rates improved almost 100 percent during the campaign period, coming up to over 60 percent from a baseline of 32 percent. The cost of the program was about \$13,000 or about 50 cents per employee.

Targets of Opportunity

The Targets of Opportunity have begun to realize the benefits of a comprehensive drunk driving program. For example: Delaware has shown remarkable results after legislative changes in 1982 and target program implementation in 1983; fatalities down 29 percent; alcohol-involved fatalities down 30 percent. Delaware's administrative per se provision for license revocation for DWI offenders became effective in October 1982. For the period of February 1983-February 1984, 93 percent of offending drivers had their licenses revoked administratively for a minimum of 90 days.

New Improved Alcohol Impairment Testing

NHTSA research in 1983 led to the development of a battery of behavioral tests that could be administered at roadside by a police officer to a suspected

drunk driver. These tests greatly improved the officer's ability to make an assessment of legal impairment. A major component of this test sequence was a horizontal gaze nystagmus test, a test to use eye movement to assist in determining intoxication.

Since 1983 the agency has taught this technique to police officers in all 50 States as well as the military. The International Association of Chiefs of Police has endorsed the use of this training course and the National Association of State Directors of Law Enforcement Training has certified the course.

The leveraging effect of our training has been extensive. For example, the agency trained two troopers in Ohio who in turn trained 900 members of the State Patrol. In North Carolina, 20 NHTSA trained patrolmen have trained 1,000 other officers. Michigan and Illinois troopers are in the process of training their State patrols.

Reports from officers using this technique are: officers are more confident of arresting suspected DWI's; therefore, DWI arrests are increasing, the number of false positives at arrest are reduced, and the BAC level of the arrested drivers are lower.

South Dakota -- Traffic Enforcement Field Training

During the four fiscal years of this project (80-84), South Dakota, using 402 funds, developed or modified existing training courses in eight traffic enforcement related areas. The courses, based on locally identified needs, were then brought to the officers at or near their home jurisdiction. This approach reduced both the direct cost of the project and the number of manhours invested.

Approximately 2,250 officers were trained during the project period. South Dakota reported that this training contributed to a 27% reduction in alcohol related fatal and injury crashes, a 9% reduction in non-alcohol related fatal and injury crashes and a 49% increase in DWI arrests.

California - EMT Training

The California Highway Patrol (CHP) trained 938 CHP officers to the EMT level. CHP reports this project has contributed to 307 lives being saved after 9,023 separate accidents, where the officers were the first to provide emergency medical care.

Idaho-Mobile Trauma Training Unit

The Idaho Department of Health and Welfare, Office of Emergency Medical

Services, developed a unique training program utilizing a mobile trauma training unit. The purpose of the program was to provide current trauma care concepts at the service's site with the intent to alleviate degeneration of knowledge and skills related to trauma care. The project resulted in an increase of skills maintenance in five areas from 50 percent, using the former training approach, to 80 percent using the Mobile Trauma Training Unit.

VEHICLE SAFETY

We will continue our efforts to improve vehicle safety technology. In the crash avoidance area, our priorities are improved lighting, signaling, conspicuity and braking systems--particularly for heavy duty vehicles. Our crash protection work will continue to emphasize improved frontal crash protection, particularly with respect to contact with the steering assembly, occupant protection (including child safety seats, improved restraint systems, and overall interior impact protection), and side impact protection.

Funding for biomechanics supports our trauma research which underlies the development of improved test devices. While on the subject of trauma research, we expect the National Academy of Science to complete their assessment of the Federal Government's trauma research activities within the next two months and look forward to reviewing this important report with the Congress.

We have also made innovative strides in air bag technology and will continue to do so in FY 1986. As a result of our programs, air bags are appearing as original equipment in production vehicles and are being retrofitted to existing police vehicles.

The Ford Motor Company has begun the delivery of more than 5,000 1985 Tempos with driver side air bags to the General Services Administration. Ford will complete delivery by June of this year.

State police fleets in six States (Arizona, California, Maryland, Mississippi, Ohio, and Wisconsin) have had a total of 450 retrofit systems installed in their vehicles by the Romeo-Kojyo Company of Tempe, Arizona. To date there have been 14 deployments in which the systems performed as designed and in no case did the troopers driving these vehicles experience serious injuries.

We are also conducting an evaluation of an all mechanical driver air bag system being developed by the Breed Corporation of Lincoln Park, New Jersey. The preliminary feasibility study has been completed with favorable results. After the system has been successfully tested and evaluated we

plan to test these systems in another police fleet retrofit demonstration program. We expect to begin equipping the fleets by early this summer.

An important aspect of vehicle safety involves analysis of accident data. Our expanded data collection and analysis capability provides a picture of the causes of accidents and how injuries occur in a crash. Nine years of data from the Fatal Accident Reporting System (FARS) are now available for use in our analyses, trend determinations, and projections. The National Accident Sampling System (NASS) -- which provides detailed data from investigations of a statistically representative sample of police reported accidents across the nation -- continues to make important contributions to our safety program. This year we improved NASS by collecting additional relevant accident data and improving productivity in field operations. In Fiscal Year 1986, we will further enhance the data collection capability and productivity of NASS by modifying our sampling procedures to yield more accurate estimates in key areas, while reaping the benefits of improved data handling resulting from automating more of our system.

A continued area of emphasis in fiscal year 1986 is the International Harmonization Program, designed to reduce or eliminate inconsistencies between U.S. and European motor vehicle standards. During the past three years, the agency has enhanced U.S. participation in the deliberations of the Economic Commission for Europe of the United Nations, by becoming more active participants in the WP-29 group, particularly in the harmonization of brakes, lighting, and controls and displays for passenger cars. We have undertaken this effort at the specific urging of the domestic auto industry, and Congress. This effort has been aimed at reducing the potential for non-tariff barriers to trade without compromising our currently established safety performance levels. Our efforts in the coming year will build on this successful beginning and move toward harmonization of brake standards for all classes of vehicles and concentrating still more attention on lighting standards.

We are also increasing our effort to assist the market place to support upgraded safety and efficiency through increased consumer information such as the New Car Assessment Program and the Consumer Information Programs on Bumpers. We are developing a proposed standard to meet the requirements of the Motor Vehicle Theft Law Enforcement Act (PL98-547). In FY 1986, we will work to expand the program to include additional vehicle information.

ENFORCEMENT

The Enforcement area continues to be of the highest priority. Our emphasis during FY 86 will be to continue the process of enhancing our defect investigation capabilities. Efforts to make better utilization of outside contractors will be continued so that professional investigative staff can focus on the most critical problems. In addition, streamlining of the defect investigation information handling process that started in FY 85 will be completed. This streamlining involves the use of a microcomputer network to support the technical and management aspects of the defect evaluation process. When fully operational, the new system will greatly enhance the investigator's ability to reach a decision concerning the significance of defect related complaints by enabling them for example, to rapidly analyze the complaint file to identify all pertinent failures and perform comparisons of peer vehicle experience. In addition, the overall quality and timeliness of defect analyses will be improved, resulting in an overall increase in effectiveness.

A continuing emphasis will also be placed on the enforcement of the Federal Motor Vehicle Safety Standards (FMVSS) through the agency's compliance testing program, and the surveillance of nonconforming vehicles imported under bond to assure that appropriate modifications are made to bring them into compliance with the FMVSS.

The agency is preparing a report to Congress on Enforcement of 19 CFR 12.80 which is the regulation issued jointly by NHTSA and the U.S. Customs Service that insures imported vehicles and equipment comply with or are modified to comply with, the Federal Motor Vehicle Safety Standards. This report was requested by the Senate Appropriations Committee after last year's budget hearings and is due on March 1, 1985.

BUDGET OVERVIEW

Ongoing Programs

For 1986, our budget submission for ongoing programs provides for a total program level of \$252.5 million. This consists of (1) a request of \$80.2 million under the Operations and Research Appropriation (2) proposed transfers of \$17 million from other DOT appropriations to the Operations and Research Appropriation to assist in financing the National Occupant Protection Program and (3) obligation limitations of \$155.3 million for Highway Traffic Safety Grants.

The request of \$80.2 million for Operations and Research includes \$54.7 million of Federal funds for programs authorized under the National Traffic and Motor Vehicle Safety Act and the Motor Vehicle Information and Cost Savings Act, and \$25.5 million from the Highway Trust Fund for programs authorized under Section 403 of the Highway Safety Act. The request of \$80.2 million compares to \$82.7 (including our proposed pay supplemental) appropriated for similar programs in 1985 prior to consideration of 1985 rescissions required by the Deficit Reduction Act of 1984. The decrease of \$2.5 million is attributable to a proposed Governmentwide pay reduction of five percent, Governmentwide administrative cost savings, and a reduction in staffing associated with contracting certain functions in accordance with principles established under OMB Circular A-76 and other management efficiency actions. The 1986 request also reflects a reduction below the amount appropriated for 1985 based on the continuation of savings in expense categories identified in the Deficit Reduction Act of 1984. These decreases are offset in part by additional funding requirements for the annualization of pay increases effective in 1985.

The proposed transfers of \$17 million to the Operations and Research Appropriation, together with \$3 million included in the 1986 request for that Appropriation, provide for a total level of \$20 million for the National Occupant Protection Program designed to implement the Secretary's decision on Federal Motor Vehicle Safety Standard 208. A \$20 million program is also proposed in 1985, consisting of \$5.3 from the Operations and Research Appropriation and transfers of \$14.7 million from unobligated balances of other DOT Appropriations. The entire source of funding together with a description of encompassed efforts appears under the Traffic Safety Programs budget activity.

The program level of \$155.3 million sought for grant activity in 1986 is the same as the level of \$155.3 million estimated for 1985. In addition, \$10 million of the \$17 million transfer request for the National Occupant Protection Program would be derived from unobligated balances of the Highway Safety Education and Information Program. The program level for Alcohol Safety Incentive Grants would increase by \$4 million, offset by reductions of \$4 million for the Highway Safety Education and Information and School Bus Driver Training Programs.

Proposed for later transmittal, proposed legislation

The 1986 budget request also includes funds of \$45.7 million to combine, under NHTSA, the Bureau of Motor Carrier Safety and certain other safety functions currently administered by the Federal Highway Administration.

This completes my statement, Mr. Chairman. I will be happy to answer any questions that you or members of the Subcommittee have concerning our budget request.

FUNDING FOR THE OCCUPANT PROTECTION PROGRAM IN FISCAL YEAR 1985

Senator ANDREWS. Madam Administrator, in the Secretary's overview hearings on February 21 the committee examined the release of \$7.5 million in funds proposed to be transferred from existing appropriations.

In addition to those funds the budget proposes reprogramming as you know, an additional \$10 million in fiscal year 1985 bringing the total program to \$20 million.

Where are these additional funds going to come from?

Ms. STEED. They are from transfers from other areas. We can give you the specific breakdown, Mr. Chairman.

Senator ANDREWS. Can you identify those areas offhand?

Ms. STEED. I believe we can. Does somebody have a list of where the additional \$10 million comes from? I don't have with me information on where the various pieces come from. They are from railroad and highway appropriations and we can give you the specific amounts for the record.

Senator ANDREWS. We understand that you are going to reprogram \$2.8 million and transfer \$7.2 million from FRA preference shares?

Ms. STEED. What I would like to do is give you the total for both \$10 million portions of the program and give you specific breakdowns.

Senator ANDREWS. Fine. We will do that on the record then. The \$2.8 million proposed for reprogramming within the National Highway Traffic Safety Administration's operations and research general funds, where specifically does this money come from?

I mean, the proper question is if this was justified in your presentation a year ago, now why is it of so low value that you are able to transfer it into yet another category?

Ms. STEED. Much of those funds were carryover funds. In addition, we went back and looked through the research and development programs, for example, and tried to find those where we could borrow, if you will, against some of the funds because the belt program is a very high priority.

Again, we have identified very specific amounts from very specific projects and we would be happy to submit those for the record.

Senator ANDREWS. You are telling us now that your original request was too high?

Ms. STEED. No; I think it was a reasonable request. The Secretary's passive restraint decision came out in July. It is a very high priority, and we believe it is a program with a potentially large saving in lives. Therefore, we tried to find the funds within our own budget as much as we could.

OBLIGATIONS TO DATE UNDER THE OCCUPANT PROTECTION PROGRAM

Senator ANDREWS. How much of the already provided \$2.5 million has the Department obligated?

Ms. STEED. Right now we have actually obligated about \$900,000.

Senator ANDREWS. \$900,000?

Ms. STEED. \$900,000.

Senator ANDREWS. Spent or obligated?

Ms. STEED. Actually obligated. We also have in the pipeline contracts for about \$3.2 million. We had \$3.1 million originally in the fiscal year 1985 budget for safety belt programs. So it is about a \$5.3 million budget proceeding.

Senator ANDREWS. So this much has been obligated. How much has been spent?

Ms. STEED. The payout is much, much slower, and I would have to give you the actual payout. Actual obligations funds under obligation is \$900,000.

Senator ANDREWS. If the additional \$7.5 million in already identified funds were released, when would the Department spend those funds?

Ms. STEED. We have in the pipeline, as I mentioned, contracts and agreements or plans for contracts and agreements for about \$3.2 million.

In addition, we are negotiating now with the State highway safety offices in every State for the type of assistance that the agency would provide. So we are confident that we can spend that money effectively and well.

PRIVATE SECTOR FINANCING FOR THE OCCUPANT PROTECTION PROGRAM

Senator ANDREWS. In the July 11 announcement last year on passive restraints the Secretary said that \$40 million a year would be directed to the program, \$20 million from the Department and another \$20 million from private sources.

How much has been spent to date by private parties?

Ms. STEED. I am not absolutely certain about that, Mr. Chairman. We know that considerable funding has been provided by the "Traffic Safety Now" group. I couldn't tell you the exact figure, but we would be happy to find that out for you.

Senator ANDREWS. If we can find out from the record how much has been spent by these private parties and who they are, it would help us.

[The information follows:]

The private sector has indicated that they would put up \$20 million a year for this program. We do not have specific information at this time on exactly what the private sector expenditures have been, but many States have reported that safety belt interest groups have received financial assistance from Traffic Safety Now.

Senator ANDREWS. Is their effort directly tied to Federal money?

Ms. STEED. No; it is not. They are essentially spending their money, as I understand it, to get information out to the States, to encourage the State coalitions that are working to pass safety belt laws.

It is my understanding they are using some of those funds to hire lobbyists in the States. It is a very different program from ours.

Senator ANDREWS. Is it your feeling that these private concerns wouldn't walk away from the effort if no Federal fundings were provided?

Ms. STEED. I don't believe they would.

SAFETY BELT AND PASSIVE RESTRAINT ALLOCATION UNDER THE OCCUPANT PROTECTION PROGRAM

Senator ANDREWS. The first \$10 million for this effort, how much is going to be spent on the seatbelt effort and how much on other passive restraints?

Ms. STEED. That is a hard split to make, because one of our overall goals for the program is to include passive information throughout the education program.

We have put together or are in the process of putting together a specific plan for passive restraint education that includes a number of different types of activities, such as information, marketing kinds of activities, data collection on research, and some rulemaking activities.

Senator ANDREWS. If you put together that much information, why can't you give us the split?

Ms. STEED. Part of it is because some of the material we will be providing, for example, is information directed solely at passive restraints, how well they work, what they are, and explaining to the public how valuable these devices are.

On the other hand, we are developing information on the value of occupant protection as a whole and why it is so necessary in a car crash. It also explains all types of protection and will contain passive information.

Therefore, some of the materials fall into a "gray area," because it is neither strictly information on passives nor on safety belts.

Senator ANDREWS. How about breaking it down for us on seatbelt, passive, and gray area?

Ms. STEED. I think we can do that, Mr. Chairman.

Senator ANDREWS. Then you have a three-way split, but can you make a roundhouse guess on that right now?

Ms. STEED. I would hate to give you a percentage, but we would probably be ready to do it next week.

EDUCATIONAL EFFORTS UNDER THE OCCUPANT PROTECTION PROGRAM

Senator ANDREWS. OK. With the additional funds, what new information can be provided to the State legislatures that consumers don't presently have available to them?

Ms. STEED. I think what we are really talking about is basic factual information, Mr. Chairman. The public just is not well acquainted with why belts or any kind of occupant protection is necessary. We intend to provide that information in much greater quantities than we have before.

In addition, it is my concern that the public is just not as familiar with automatic protection—what it is, how it works, and so forth. They are afraid of it in many instances. There are a number of myths that exist, especially with regard to airbags.

We think it is the Government's job to provide that factual information both to the legislatures and to the public so that they will understand and start taking advantage of all these lifesaving devices.

Senator ANDREWS. If there are 39 States out there actively considering mandatory seatbelt legislation, why do we need this additional program?

Ms. STEED. Well, what we found with child restraint laws, I think is exactly applicable here. Information is needed, not necessarily just to enact the laws, but to make sure they are effective.

A law is only as effective as the people's understanding of it and their willingness to obey it. With child restraint laws, we saw a number of laws enacted, but it wasn't until information reached the public on why child seats are so useful, and how child restraints should be used that usage increased.

Right now we are aware of a major problem with the misuse of child seats. About 60 percent of child safety seats are misused. Accordingly, we think it is terribly important to get information on proper use into the public's hands.

Finally, starting next year, Mr. Chairman, we will have approximately 1 million cars on the road equipped with automatic protection, both airbags and automatic safety belts.

And I am very concerned that if we don't educate the public on the value of safety belt use, many of those automatic belts, which must be detachable for emergency exit purposes, might be detached.

Therefore, part of our efforts will be to encourage people to leave automatic belts attached so they will get the benefit of the lifesaving potential.

COORDINATION OF THE OCCUPANT PROTECTION PROGRAM

Senator ANDREWS. Why does it require \$900,000 a year for program coordinators, wouldn't this figure drop once the overall program were in place?

Ms. STEED. What we did was estimate kind of a percentage of the overall program. What the integrator is intended to do is to bring the whole program together and bring us management and strategic advice about what is happening around the country.

We are looking for a management firm with strategic planning skills, with education skills—a firm that has worked with grassroots organizations across the country—to help us make sure that our funds are going for the right purposes, that we are meeting the needs in all areas and

that we are not duplicating the efforts, as you mentioned, of the private sector.

We think that the overall funding level will be a little less than \$2 million and that the incremental funding may be \$900,000 the first year and could be less in subsequent years.

Senator ANDREWS. Do you have a difference in the type of effort exerted in the airbag area versus the seatbelt area?

Ms. STEED. Difference in the type of effort?

Senator ANDREWS. Yes.

Ms. STEED. I don't think so. I view it all as factual education or occupant protection. I think we have, perhaps, a bigger job in the passive restraint area because the public is so unfamiliar with that protection.

SAFETY BELT USAGE RATES

Senator ANDREWS. Last year the committee heard that seatbelt usage was then at about 14 percent. What is it now?

Ms. STEED. Usage?

Senator ANDREWS. Yes.

Ms. STEED. We have a 19-city survey that actually observes safety belt use in those cities. It is up to a little above 15 percent at this point. We use that data as a trend indicator. I would hate to say that belt usage in this country is exactly 15 percent. It is higher in some places and lower in others.

One of the things we are considering is to design and initiate representative surveys that will be able to say with certainty what belt usage is in this country.

Senator ANDREWS. Last year we had 14 percent, and you are making a maximum effort on a program that to the best of our understanding you have already spent some \$32.8 million to get Americans to use seatbelts. Most of that effort has been in the last year.

If you have only gone from 14 percent to 15 percent, the program isn't very successful, is it?

Ms. STEED. I am not sure you can view it nationwide that way. We have tremendous success stories in the areas where our programs are in effect. We could cite cities where model community programs have doubled or tripled belt usage. The same thing is true in corporate programs.

I think now our job has changed slightly because of the Secretary's FMVSS 208 rule. We have a somewhat different goal and, with safety belt use laws, getting them enacted and making them effective and educating the public on passive restraints.

So we don't believe the need for additional funds in the education program is out of line since the goals and the program have changed slightly.

Senator ANDREWS. Let me run the arithmetic by in a little different way. The last year you said you had 14 percent usage and you expected that to rise to 25 percent by the spring of 1986. It is now the spring of 1985. You have gone up 1 percent in the last year.

By your own estimates you are going to make 10 percent during the next year. What are you doing differently in the next 12 months that you somehow or another haven't seen fit to do in the last 12 months?

OCCUPANT PROTECTION PROGRAM GOALS

Ms. STEED. The Secretary's decision of July provided the program with a new focus and a new purpose. We think with safety belt usage laws coming online, we will make that 25 percent. We are very confident that we will.

Senator ANDREWS. You expect it to go to 25 percent without this money. So now with the money are we looking at 35 percent, 40 percent?

Ms. STEED. Given that the situation is changing and the States are enacting belt use laws and that those numbers are changing, I think we will see dramatic increases in belt use. Certainly, for example, New York went from 16 percent last October to 76 percent, I believe, in January. That is a very dramatic increase with the laws.

It would be very difficult for me to predict for you today the exact percentage that we see as a result of new funding. What we would like to do is set some goals that the committee could hold us to, such as numbers of States that would enact usage laws, usage levels in those States that enact usage laws, and so forth.

Senator ANDREWS. You are telling us based on that then that when you roll around here next spring you are going to be able to report to me that seatbelt use is considerably above 25 percent?

Ms. STEED. I would hope to say that, sir, yes.

Senator ANDREWS. Not hope, I mean, this is based on a definitive measurement that you expressed last year, and based on your comments now you will exceed that 25-percent figure which was given to us on the basis of doing nothing, so that you ought to be in the neighborhood of 35 to 40 percent?

Ms. STEED. Given the fact that the States are enacting belt use laws and that those increases are dramatic, I think we would be right about 25 percent.

Senator ANDREWS. You said you would get 25 percent without doing anything?

Ms. STEED. We will make 25 percent, I think, because the States are coming online with the laws.

Senator ANDREWS. Whether or not you do anything from the Federal side and, if you do something on the Federal side, you will make more than that?

Ms. STEED. No; I believe it will take Federal money to convince people in the States to enact and obey laws, and to help law officers enforce them, and so forth.

We have targeted money to be spent for enforcement training, and to make sure again the people are willing to follow those laws and understand the need for protection. That is terribly important.

Senator ANDREWS. When you said last year in response to a question you expected to get to 25 percent by the spring of 1986, you said the States are really picking up on the safety belt program and we are targeting in on a number of very specific programs.

We will see how you do when we run them by the post next year.

STATE LEGISLATURES' CONSIDERATION OF SAFETY BELT USE LAWS

The Secretary in response to a committee inquiry last year stated the Department had an extremely active seatbelt program working with 53 national organizations and stated that 70 percent of the population had seen or heard safety belt messages. That is pretty good penetration.

Yet, recently proposed seatbelt legislation has been stalled in Maryland, Virginia, and North Dakota. I assume these legislators were exposed to the seatbelt messages.

Can the Department really expect more seatbelt legislation enactment directly attributable to this committee providing the request of additional funds?

Ms. STEED. Yes, sir; I think I can guarantee that.

Senator ANDREWS. Should the Federal Government be in the business of influencing State legislatures whether it be in this area or some other area like the mandatory speed limit?

Ms. STEED. I would say educating. I think that is our responsibility. I go back again to my statement about facts. There is a lot of misinformation circulating to the public and to legislators. We get numerous questions and calls from State legislators.

I addressed a number of State legislators 2 weeks ago and they all had a number of questions, misunderstandings, and apprehensions about the 208 rule which we answered.

I think it is our responsibility to lay out for them exactly what the Secretary's decision means, exactly what safety belt usage means, what safety belt laws do and don't do, what automatic occupant protection means and let them make the decision for themselves.

Since belt use laws are under active consideration in more than 30 States, I think it is our job to provide that information.

Senator ANDREWS. Have your lawyers taken a look at the statute to find out whether it is actually legal to spend Federal funds to lobby?

Ms. STEED. We are not, I can assure you unequivocally, not going to lobby State legislatures. None of this money will be used for that.

Again, the \$20 million program is for education of the public at large—including State legislators.

Senator ANDREWS. That is six of one and a half dozen of the other. I have talked to some lobbyists around town. They say their major challenge is to educate.

You say you are not lobbying; you are just educating. That is not in the best phraseology of our lobbyist friends. Maybe what we ought to do is do a little checking up ourselves to find out where we stand on that.

If 49 States and the District were able to pass child safety seat laws, why can't similar results be obtained in the adult restraint area?

Ms. STEED. Now we have 50 States and the District of Columbia, I am pleased to say, with child restraints law.

In fact, much of the experience we had in helping the States to enact such child seat laws were from the types of programs that we intend to take advantage of and expand here for adult seatbelt usage.

I would emphasize on the basis of our experience with child safety seat laws we found a number of States making changes in those laws to make them more effective as they gain experience. Again, we find there are serious concerns about enforcement and misuse.

And that is what the money will be spent for—broad education similar to the child safety seat experience.

CHILD SAFETY SEAT LAW INCENTIVES

Senator ANDREWS. In the last session of Congress I cosponsored child safety legislation that provided incentive grants to States in this area. You stated last year that you supported child passenger safety but not incentive grants.

Why is the Department proposal a better use of funds than incentive grants?

Ms. STEED. The safety belt proposal, you are talking about the overall adult education program?

Senator ANDREWS. It always gets back to safety belt. Why not airbags?

Ms. STEED. Occupant protection program, I am sorry. I should make that clear.

Senator ANDREWS. Are you expressing some bias or prejudice or are you giving them their choice?

Ms. STEED. Not at all. My understanding of incentive grants was to assist the States to enact the laws. At that time we had nearly all of the States with child safety seat laws.

I really don't see a difference in the way educational money would be used here with the States and with the public at large.

Senator ANDREWS. Our legislation, as I recall, was a seat loaner program, and was to train State highway patrolmen. We thought it was a pretty good one.

And I can point out in comparison that the direct incentive grants in the area of drunk driving have had a dramatic effect on public awareness and led to significant reductions in the loss of life.

Why wouldn't then this approach be one of the better ones to file and follow?

Ms. STEED. I think they have very similar purposes, and you are absolutely right about the anti-drunk driving area. I think that is an amazing turnaround in the States.

EVALUATION OF STATE SAFETY BELT USE LAWS

Senator ANDREWS. In the Federal Register of July 17, 1984, listing the rules and regulations for implementing the July 11 occupant protection announcement it was written that the Department will review each State mandatory use law as it is passed to determine whether it meets the minimum criteria established by the regulation. To date three States, New York, New Jersey, and Illinois, have passed mandatory use laws.

Have you ruled on their meeting the minimum Federal criteria?

Ms. STEED. If you are asking a yes or no question, do those States comply with criteria in the rule, it is too early for me to be able to say yes or no for several reasons.

One is that some of the criteria call for effective education and enforcement programs. We will have to await the experience gained by the States to be able to say whether or not there is effective enforcement of the laws.

Senator ANDREWS. That is not the decision, that is not the regulation because, again, let me quote back to you that the regulation would require contemporaneous ruling.

The regulation says, "the Department will review each State mandatory use law as it is passed to determine whether it meets the minimum criteria."

Now, you say, well, we can't do it. Why not?

Ms. STEED. The minimum criteria for the laws, such as penalties, exemptions, and so forth, have always been clear.

Senator ANDREWS. Then are New York, New Jersey, and Illinois laws meeting this minimum criteria?

Ms. STEED. Some of them do and some of them don't. I couldn't say that they absolutely comply with the criteria yet.

Again, our concern is for effective belt use laws. Our objective is to increase manual belt usage, to make sure that automatic belt use is as high as we want it to be, and to make sure that people are wearing belts even in airbag equipped cars.

Senator ANDREWS. Is effectiveness one of the ways you will rule on the mandatory use laws?

Ms. STEED. Effective education to encourage enforcement is one of the criteria in the rule. We believe that we will have to make sure that the States are effectively doing that to be able to say entirely that they meet those criteria.

Senator ANDREWS. Can you give us the definition of effectiveness?

Ms. STEED. We would be happy to do that for the record. We want to see the States enforcing belt use laws. We want to see high usage rates. We would have to supply that for the record.

[The information follows:]

For the purposes of the rule, an effective belt law is one which meets the criteria provided in the July 11 rulemaking. Several of the criteria relate to how the law is implemented. For example, one criterion calls for the establishment of prevention and education programs to encourage compliance with the law. These support programs will be defined and implemented after passage of the laws, and any judgment as to their

adequacy must wait until sometime after they are implemented. Another example of a criterion that cannot be readily judged regards mitigation of damages. In some States this issue remains unsettled and depends on case law which will continue to be interpreted in relation to new safety belt laws. An additional factor in why actual certification that belt law meets the 208 criteria must be delayed is that our experience with States' legislative activity on child passenger safety indicates States are likely to amend their laws to strengthen them as they gain actual experience under the law.

Senator ANDREWS. We are looking for some specific examples. When are you going to have a decision on those three States' mandatory use laws?

Ms. STEED. As they say, down the road a piece. We have seen that New York is doing extremely well. We will be able to make a decision and the Secretary will make a decision within the April 1989 timeframe.

Senator ANDREWS. What do you have to examine beyond the law?

Ms. STEED. To determine how effective the education and enforcement programs in fact are.

Senator ANDREWS. In other words, you are looking at the performance of the law rather than the content of the law?

Ms. STEED. In some respects. Again, I go back to child restraint experience. For example, at least five of the States that enacted child restraint laws had laws with no penalties in them, no teeth at all.

If a parent or driver was stopped, the police officer could only issue a warning or give them a piece of literature. The States found that those laws weren't terribly effective.

At least five States went back to add penalties based on their experiences. We think we will see the same trend.

Senator ANDREWS. On the one hand you are saying we want to educate the States, not lobby, educate, make that a clear difference.

On the other end you have a regulation that says you shall examine these laws as they are passed to determine whether they meet the minimum criteria.

How better can you educate State X than to have determined whether State B's law is indeed and in fact effective? If I were a legislator in State X and a sister State had come out and passed one of these laws, and you are sitting there twiddling your thumbs wondering whether it is effective or not, I think I would probably think, well, if we don't know whether it is effective or not, we can't get a ruling from the office that is spending all of this money on research and the rest, we might just as well wait.

Aren't you slowing down the whole process?

Ms. STEED. I don't think so, because in our program plan part of the money would be spent to assist States with implementation to gather data on effectiveness. We are already doing that up in New York in several ways.

We have a contract with New York to help them measure enforcement, to measure usage, to assist in enforcement training techniques. We will gather the best techniques we have and try to transfer them to sister States.

We also hope to let a contract in New York for a study of trauma effects. This would be research on the extent of death and injury reductions.

All of that information can and will be made available to other States as soon as we can.

MODEL SAFETY BELT USE LAWS

Senator ANDREWS. If the majority leader of the State senate of State X said, we have a feeling we want to put together something on the law, do you have a model law that you could provide them?

Ms. STEED. We do indeed.

Senator ANDREWS. And would you then rule that that model law meets the minimum criteria?

Ms. STEED. The model law would, if enacted, it would indeed comply with the ruling's minimum criteria. I really want these laws to be effective and want to see how much they are raising usage rates and how well they are being enforced.

Senator ANDREWS. Effectiveness is a new wrinkle. Nobody said anything about effectiveness in the July 17 Register. Actually, I think if you had a model law you would have drafted it so it would be effective.

What have we gotten at if we have spent all of this money, and you have brought up model laws, but you are telling me right now that if a State enacts that model law you don't know whether it will be effective?

Ms. STEED. We believe it will be effective. We will observe and watch it.

Senator ANDREWS. You believe but you are not sure. This is more of this Alice in Wonderland stuff that gets more curious.

Here you are leading the chief dog team of the whole Federal establishment, and pointing out how this ought to be done. You are educating and not lobbying the various State legislatures. You have got a pattern of the law, of model law, but you just told me that you are not sure that that model law, if enacted, would be effective.

If you don't know, who does know? And if I were sitting out on the State legislature and we had the National Highway Traffic Safety Administration saying, "Mr. Majority Leader, here is our model law, we don't know whether it is effective or not," I would say don't bother me with the thing.

This is an appalling way to come up. You should be able, if you are doing your job, I would think, to say we enact this model law and it will be effective, otherwise, what kind of leadership, what kind of education are you providing to protect the citizens of this country?

Ms. STEED. We based that model law on the experience that we have, which is primarily overseas from the Great Britain experience. What we tried to do is set forth criteria that we believed would make meaningful laws with some teeth in them. We wanted laws that people would take seriously and not dismiss out of hand.

We are doing our utmost to ensure that the experience we get in the four States that already have enacted laws will be passed on to the

other States. Hopefully part of this education program will be exactly what you are talking about.

Senator ANDREWS. When do you suppose you will be able to tell a State legislative leader that you will have a model law that would be effective if passed?

Ms. STEED. We believe now that these laws will be effective. We already have that model law and we are providing that to legislators right now.

Senator ANDREWS. Well, we will see how sure you are of its effectiveness. Maybe you will come up with one that is a little more effective, but if you can't tell the committee that this model law is effective, somehow or another I think you ought to go back to the drawing board and get a model law that you do feel is effective.

SAFETY BELT AND PASSIVE RESTRAINT REQUIREMENTS UNDER THE OCCUPANT PROTECTION PROGRAM

Also, the Department's current passive restraint standard provides for dropping the airbag requirements if States representing two-thirds of the population passed mandatory seatbelt laws.

Since the Department's stated goal is to save lives, what facts do you have that laws themselves are sufficient?

Ms. STEED. Again, we based our experience and did analysis on how effective various types of occupant restraints were, all types of occupant protection.

What we felt was that this is a combination of all types of protection. Belt use laws have a distinct advantage in that they start saving lives immediately, as soon as they are passed, and that they do so at virtually no cost.

If all States had effective use laws now and if those States were achieving the kind of usage we are seeing in New York, we ought to be saving about 6,700 lives a year.

It would take quite a long time in order to be able to save that many lives with passive restraints even if we had adopted a rule that only required passive restraints.

What we are really saying is we are saving many, many lives by encouraging States to pass use laws.

Senator ANDREWS. Let me spin this one back. You are again involved in this passing the law, but is it effective? You say you can drop the airbag requirements if the States that represent two-thirds of the population pass mandatory seatbelt laws. A moment ago you said you didn't know whether the laws would be effective or not.

Shouldn't the provision have been tied to effectiveness rather than mere passage of the laws? If you can't say that your model law is effective, how can you sit back there and say, well, go pass the law, we can't tell you whether it is effective or not, but just pass the law, irrespective of whether people are using it, irrespective of whether it is working, we will exempt you, does that make more sense?

Ms. STEED. What I said was we believe the model laws will be effective. There is no question in my mind. What I can't do today is tell New Jersey, for example, that its law is effective. They have not yet even put it into effect.

We based our estimates for airbags, automatic belts, three point belts, and usage laws on effectiveness data. We have considered backup analysis on that. We would be glad to submit it.

It is definitely based on effectiveness.

[The information follows:]

The Department's estimates for the effectiveness of the various occupant restraint systems for fatalities, moderate to critical injuries, and minor injuries are presented in the following table. These estimates are based on extensive analyses of all available accident data and crash test data. The "Final Regulatory Impact Analysis, Amendment to FMVSS No. 208, Passenger Car Front Seat Occupant Protection," NHTSA, July 11, 1984, Chapter IV, contains a detailed discussion of all the analyses, accident data, and crash test data considered in deriving these effectiveness estimates.

SUMMARY OF EFFECTIVENESS ESTIMATES

	Manual lap belt	Manual lap/ shoulder belt	Automatic belt	Airbag alone	Airbag with lap belt	Airbag with lap/ shoulder belt
Fatalities.....	30-40	40-50	35-50	20-40	40-50	45-55
Moderate to critical injuries.....	25-35	45-55	40-55	25-45	45-55	50-60
Minor injuries.....	10	10	10	10	10	10

Senator ANDREWS. Again, shouldn't the proviso have been tied to usage rather than the passage of law?

Ms. STEED. The proviso was tied to how much usage we expected to get assuming that the States would pass belt use laws.

Senator ANDREWS. Again, how much usage are we expected to get, and that segments into that wonderful word effectiveness of the law?

Ms. STEED. We had to base estimates for airbags, for example, on how much lap belt usage we would get with airbags.

Senator ANDREWS. It looks like we keep looking into the same mirror and coming up with the same problem about five different ways.

NATIONAL MAXIMUM SPEED LIMIT

The Transportation Research Board of the National Academy of Science has recently come out with a report on the 55-mile-an-hour speed limit.

Has the Department made a formal response to that report?

Ms. STEED. No; we have not yet, but what we have said is we are very pleased that the committee recognized the life saving values of 55. They left open several questions, such as can speed limits be raised on certain segments of our interstate and should they be raised and what effect would that have?

We have formed a task force to examine those questions, because we are very concerned about the safety implications. There are many unanswered questions and we will be coming forward with a formal position this spring.

Senator ANDREWS. And then the Department will respond to that report?

Ms. STEED. Yes; absolutely.

Senator ANDREWS. Could the Department support higher speed limits on uncongested high quality roads?

Ms. STEED. That is one of the things that we are looking at in fact. We are concerned about the spillover effect if we raise the speed limit on some roads and not others. Would people understand and continue to follow the speed limits?

Senator ANDREWS. It is a possibility that on certain properly engineered roads and low traffic density you could recommend a higher speed limit?

Ms. STEED. It is possible. What we are looking at is what the fatality rates are now on those roads and what the spillover effect might be on driving habits.

Senator ANDREWS. Congress expressed a concern about growing non-compliance with the speed limit by calling for the National Academy of Science study.

Has the Department examined the relaxation of the 55-mile-per-hour limit if other safety measures were put in its place?

Ms. STEED. That is one of the recommendations that the committee made. I would hate to be put in a position of trading one safety measure off against another.

The commission could not come up with any definite recommendations on that.

ALCOHOL SAFETY INCENTIVE GRANTS

Senator ANDREWS. The Section 408 Alcohol Safety Grant Program estimated obligations for 1985 equal to one-half the amount provided by the committee.

For fiscal year 1986 the request for obligations assumes about three-fifths of the contract authority. This is one that a moment ago you said was working very well, every statistic shows it is working very well.

How come then you are so slow on obligating?

Ms. STEED. Twenty-five percent of the States have requested money. About 16 have qualified under the grant program. There are several specific problems States are having with qualification. We are doing everything we can to assist the States to come up to those standards.

First of all, many of the States undertook a great flurry of legislative activity early and did not meet the criteria early on. They have not elected to go back just yet and undo those laws or take up new drunk driving legislation.

Second, there are a couple of the basic criteria with which the States are finding it very, very difficult to meet. The hard licenses suspension, for example, is one that is very tough.

What we are doing at this point at both my request and the request of the House Committee and some other Members of Congress is to take a look to see what kind of changes might be needed in the criteria to enable other States to qualify.

When I say the program has been a success, I am looking at the States that have qualified, and those that have seen dramatic reductions in alcohol related, as your own State of North Dakota has seen about a 44-percent reduction in alcohol related deaths.

After qualifying, Delaware has seen about a 30-percent reduction.

SAFETY BELTS ON SCHOOLBUSES

Senator ANDREWS. Child safety seat laws exist in 50 States now, yet the Department doesn't appear to support and encourage the installation or use of seatbelts on schoolbuses, why not?

Ms. STEED. I think that is a very difficult question and one that concerns me at the moment. I will give you just a brief history.

In 1977 we issued minimum safety standards for schoolbuses, to change the configuration of seats, and came up with what we call the compartmentalization concept, certain spacing of seats, certain padding of seats. We took the hard rails off the backs of schoolbuses to really create a safe environment for children.

Based on our statistics of children killed on schoolbuses or in and around schoolbuses, that concept is working very well.

Since that time two changes have occurred in circumstances. One is that we do have States with child seat laws. And the question becomes, will the fact that schoolbuses do not have belts undo the safety belt habit? We have spent a lot of time and effort and money on educating children to buckle up. That concerns me very much.

We have a research project underway trying to determine whether or not this breaks the habit. We are looking at some other research that we believe is going to be done. We hope to answer that question.

Second, the traffic safety research people in Canada, have recently conducted some schoolbus crash tests in several different configurations. They had children belted, they had them unbelted, and they had different seating spacing. What they are finding is that in many cases the belts may, in fact, add injury. And that concerns me.

When we have a chance to examine the Canadian data we will consider the need to update our current policy.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much. I have a number of questions I want to ask for the record, as does Senator Chiles and some of the other Senators, Senator Inouye, Senator D'Amato, Senator Cochran, and perhaps other members of the subcommittee.

We would appreciate, of course, if you will see that they get answered properly.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

SEAT BELTS - FISCAL YEAR 1985

SENATOR ANDREWS: Why do you now believe these funds can be transferred? Have you achieved some management efficiencies that makes these funds available or is this a shifting of priorities?

ANSWER: The additional \$10 million being proposed for the Occupant Protection Program in FY 1985 consists of \$2.8 million to be derived from NHSTA's Operations and Research (O&R) Appropriations and \$7.2 million to be transferred to the O&R Appropriations from FRA's Redeemable Preference Shares Appropriation.

Operations and Research

The sum of \$2.8 million from the O&R Appropriations consists of the following elements.

	(\$000s)
Appropriated for Safety Belt Usage in 1985	\$ 663
Reprogrammed from the 1985 Appropriation for Research and Analysis	1,163
Provided from prior year carryover funds	<u>974</u>
Total	\$2,800

Following is a breakdown of the research components included in the reprogramming of funds.

	(000s)
Passenger vehicle research	\$ 776
National Center for Statistics & Analysis	<u>387</u>
Total	\$1,163

Under the reprogramming, the planned acquisition of computer hardware to support analytical efforts in crashworthiness and crash avoidance will be delayed. In addition, research efforts on the advanced dummy will be delayed.

In the National Center for Statistics and Analysis, analyses of motor vehicle safety data will be somewhat curtailed.

Redeemable Preference Shares

The transfer of \$7.2 million from the Redeemable Preference Shares Appropriation will not adversely affect FRA's ability to carry out responsibilities under this program. FRA's ability to make this transfer is discussed in detail in the answer requested for the record on this matter.

SENATOR ANDREWS: An additional \$7.2 million is to be derived from the Federal Railroad Administration's (FRA) redeemable Preference Share Program. Is that correct?

ANSWER: It is correct. In FY 1985, a supplemental is requested to provide \$7.2 million from unobligated balances in the appropriation "Redeemables Preference Shares" of the Federal Railroad Administration for the purposes of carrying out a national program to encourage the use of automobile safety belts and passive restraints.

SENATOR ANDREWS: Were these funds considered excess within FRA or did the Occupant Protection Program have a higher priority?

ANSWER: The transfer of resources to the Occupant Protection Program is consistent with the high priority the Secretary

places on the promotion of safety. While the \$7.2 million being transferred is part of \$20 million in Section 505 funding originally designated by Congress for a rail freight terminal rehabilitation and modernization project in East St. Louis, the earmarked funds are now not to be used for that purpose and there has been no congressional redesignation of the \$20 million to other projects. FRA has had a number of expressions of interest in funding for new projects, but formal applications need to be submitted for most of these requests. The statutory authority to obligate Section 505 funds expires on September 30, 1985.

SENATOR ANDREWS: What was the likelihood that FRA would obligate those funds in Fiscal Year 1985?

ANSWER: Authority to obligate Section 505 funds expires on September 30, 1985. Based on a review of applications submitted for use of Section 505 funds FRA believes that adequate money will remain after the transfer to fund deserving new projects.

SENATOR ANDREWS: After the transfer would FRA be able to meet all valid applications before them for this redeemable preference share money? How much in funding for 1985 would be left for the preference share program if this transfer occurred?

ANSWER: If the transfer occurred, there would be \$16.2 million of appropriated Section 505 funds which have not yet been obligated. This provides for all submitted formal applications actively being pursued with FRA at this time, including \$3.4 million designated by Congress for a project on the Detroit and Mackinac Railway Company in Michigan. FRA expects to obligate the \$3.4 million and the balance of \$12.8 million by the end of Fiscal Year 1985.

SENATOR ANDREWS: How much of the first \$20 million would go for the seat belt effort versus the passive restraint program?

ANSWER: The national occupant protection plan represents a balanced approach to educating the public about active safety belts and individual passive restraint systems (automatic safety belts, air bags, or other energy absorbing/energy management systems which meet Standard 208). Although the design of many of the public information and educational projects features a curriculum combining both active and passive restraint systems, it is possible to identify specific projects which are focused strictly or primarily on one or the other system. Highlighted below are funds and projects that can be identified as being spent on active and passive systems and a total for funds which cannot be reasonably put in just one of these two categories because of the integrated nature of the activities.

Also provided below are brief descriptions of the key activities that can be attributed to supporting active and passive outreach efforts. Active belt activities are needed immediately to educate and improve the factual foundation for the debates on safety belt laws that are occurring now in State legislatures. Information is also needed to encourage belt usage in those States that have passed belt use laws, and efforts are needed to provide evaluation support in the States that have enacted such laws. Information on passive protection is necessary to overcome the lack of knowledge and misinformation that now exists regarding

these safety devices and to encourage public acceptance of these devices, since a portion of the new MY 87 car fleet will contain this equipment.

FUNDING ALLOCATION

Active	\$ 4,007,000
Passive	3,971,000
Combined	<u>12,022,000</u>
TOTAL	<u>\$20,000,000</u>

KEY ACTIVE RESTRAINT INITIATIVES: COMMUNITY ACTIVITIES --

Local community activities involving educational and promotional events, corporate programs, and technical assistance play a key role in providing face-to-face education to inform the public of the benefits of safety belt use. This information is critically needed now to encourage belt use and complement legislative debate. An informed public will be better able to express their opinion on belt use laws and many people will receive the lifesaving safety belt message and get the safety belt habit -- \$2,095,000.

INFORMATION EXCHANGE -- Funding will be used to develop an extensive base of information on State and local program activities, usage rates and attitudes toward occupant protection. The information will be used both to measure progress and to serve as a source of materials regarding effective programs -- \$1,200,000.

RESEARCH AND DEVELOPMENT -- This activity will provide for answers to questions concerning effective strategies for improving enforcement of child and adult usage laws and for providing States assistance in designing observation surveys -- \$712,000.

KEY PASSIVE RESTRAINT INITIATIVES: DEMONSTRATION PROGRAMS -- FLEET PURCHASES -- This program will provide small amounts of "seed money" to encourage State and local governments to retrofit or purchase air bag equipped vehicles to provide a demonstration fleet (5,000 cars) for early experience with air bags and promotion of public acceptance. These fleets will demonstrate retrofit air bags, such as those now being installed in police cars, new retrofit technology such as the Breed System, as well as original equipment -- \$2,500,000.

PUBLIC EDUCATION AND DEMONSTRATION PROJECT -- Demonstration cars will be replaced with up-to-date technology in NHTSA's regional offices to demonstrate passive technology on request at events such as State fairs and conventions. Each region will have available an automatic belt car and an air bag demonstration car which can simulate air bag inflation in a crash. Funds will be used to purchase and/or equip the vehicles and provide for their demonstration -- \$400,000.

MARKETING PASSIVE RESTRAINTS: ENHANCING PUBLIC ACCEPTABILITY AND UNDERSTANDING -- In making her final decision to require passive restraints unless sufficient numbers of effective mandatory safety belt use laws are enacted, Secretary Dole found that an across-the-board mandate of passive restraints too quickly could engender adverse public reaction. Partly for this reason, Secretary Dole found that gradual exposure of the public to passive restraints would increase public acceptability of them and, therefore, decided to phase in the requirements for passive restraints, beginning with 10 percent of the fleet manufactured for sale in the U.S. after September 1, 1986. The phase-in, however, could create special marketing challenges for auto dealers and lessors. To mitigate this, the Department of

Transportation has a responsibility to help enhance public understanding of the lifesaving potential of passive restraints, even as it is educating the public to the faster lifesaving potential of safety belt use laws. The Department will prepare targeted educational material explaining the lifesaving value of passive restraints — how they work, why they work, etc., — with particular emphasis on materials appropriate for distribution at the point of automobile sales or lease. For example, NHTSA will develop print and video materials to be used by the American Automobile Leasing Association in their effort to encourage their members to purchase passive restraint equipped cars — \$600,000.

MATERIALS DEVELOPMENT AND DISSEMINATION — Funds will be used to develop and distribute basic factual materials (1) describing automatic protection systems — what they are and how they work, and (2) clarifying the facts and myths now surrounding passive systems. These materials will be used to respond to questions from the general public and would be appropriate for use by civic groups, State legislators, general press background, etc. — \$471,000.

The above and other activities are included in NHTSA's Program Plan for Automatic Occupant Protection which will be submitted to the Committee shortly.

SENATOR ANDREWS: If the total reprogrammings and transfers were approved, a total of \$20 million would be available for occupant protection education in FY 1985. Can all \$20 million be obligated or spent this fiscal year?

ANSWER: Yes, we believe it can. However, as the year progresses, the amount of time available to do so is diminished. It is important that a decision be made as soon as possible.

SENATOR ANDREWS: Is further adjustment necessary to the existing Section 402 and/or Section 403 programs because of this effort? If so, what? If not, why not?

ANSWER: We do not believe that the National Occupant Protection Program (NOPP) will require any revisions to the existing Section 402 and 403 programs.

The NOPP is a special four-year effort announced by Secretary Dole last July in connection with her decision on occupant protection, and designed to provide information and promote understanding of the value of protection systems — both manual safety belts and automatic restraints. It complements, but does not duplicate, the existing Section 402 State traffic safety grant program and Section 403 research and development program. And, it draws on the experience gained with safety belt and child safety seat promotion efforts at the State and local level under the 402 program.

The 402 and 403 programs are permanent in nature, designed to promote traffic safety in a number of areas. Under the NHTSA 402 program, States may use their allocations for occupant protection, alcohol countermeasures, emergency medical services, police traffic services and traffic records. The 403 program authorizes NHTSA to carry out a broad range of research, training and demonstration projects to improve highway safety. These two programs provide NHTSA and the States with flexibility and funding in addressing important traffic safety issues, and we believe they will continue to be valuable resources in the years ahead.

The Department intends to seek reauthorization for the 402 and 403 programs in its surface transportation reauthorization bill, which will be forwarded to Congress in several months. Our current funding requests for those two programs and the NOPP are detailed in the agency's FY 86 budget submission.

SEAT BELTS FISCAL YEAR 1986

SENATOR ANDREWS: The fiscal year 1986 budget contains a request for \$20 million to continue efforts in support of the Secretary's decision on Federal Motor Vehicle Safety Standard 208 — \$17 million transferred from existing accounts and \$3 million in new funds. These funds are proposed to be used along the same lines as the 1985 funds. When will you be able to evaluate how effectively the FY 1985 funds were spent? That is, how definite is the spending plan?

ANSWER: The principal measures of success for the coming year can be expressed in four ways. They are:

1. Number of States enacting safety belt use laws. We expect 8-12 States with safety belt use laws one year from now.
2. Belt use rates within those States. We expect use rates of at least 50 percent.
3. The full range of technical and financial assistance should be in place in approximately 20 States.
4. Passive protection should be fully incorporated into our education program. The air bag vehicle demonstration fleet will also be underway.

We believe an assessment of these four objectives in one year's time should be a good measure of the program's success. Although our planning process has progressed for FY 1986, based on our evaluation of programs as we go along, we will be able to fine tune them to assure the most effective program.

SENATOR ANDREWS: The funding proposal for the National Occupant Protection Program requests the transfer of \$17 million from existing accounts, (\$6.5 million from the FHWA Mianus Bridge Project; \$.5 million from the FHWA Vanpool Project; and, \$10.0 million from the NHTSA 209 program). What is the effect of these transfers?

ANSWER: There will be little, if any, impact on the Emergency Relief program (note that the budget proposes to transfer \$6.5 million from the Emergency Relief Program as authorized by Section 125 of Title 23 and not from the Mianus Bridge Project), and since we did not plan to obligate the \$.5 million for the Vanpool project there will be no effect on this project.

SENATOR ANDREWS: Why were these accounts chosen?

ANSWER: These accounts were chosen in collaboration with OMB and OST after much deliberation as to which programs could best give up the funds with minimum programmatic impact and to provide the necessary funding for the safety belt program without requesting additional funding resources.

SENATOR ANDREWS: List for each program — amount of money originally provided, funds obligated and spent to date, amount of funds remaining before the transfer and amount of funds remaining in each program after the transfer.

ANSWER: Generally speaking, the Emergency Relief Program is authorized at a level of \$100 million per year. Of the funds authorized through FY 1985, it is anticipated that all but \$114 million will have been obligated by September 30, 1985.

Since the authorization of the Carpool Vanpool Program in Section 126 of P.L. 95-599 (1978 Highway Act), a total of \$8 million has been appropriated and at the end of FY 1984 a total of \$596 thousand remained unobligated.

SENATOR ANDREWS: For budgetary scorekeeping purposes, how is the transferred \$17 million accounted for?

ANSWER: The proposed transfer of \$17 million for the National Occupant Protection Program will be handled as a transfer to the Operations and Research account but will not affect its obligations or outlays. As a result, the obligations and outlays will be netted out of the O & R budget schedule and will be reflected in the parent accounts from which the amounts were transferred. In addition, however, NHTSA accounting procedures will maintain a continuing record of the obligations and expenditures of the \$17 million as it is utilized to implement the provisions of the National Occupant Protection Program.

SENATOR ANDREWS: In addition to the \$20 million effort, NHTSA has requested funds for demonstration projects designed to increase safety belt usage. How much is requested for these demonstration programs?

ANSWER: The \$20 million request for the National Occupant Protection Program includes \$3.5 million for demonstration programs: State and local governments will be encouraged to retrofit or purchase air bag equipped vehicles; demonstration cars of NHTSA's regional offices will be replaced or retrofitted to demonstrate passive technology; and targeted educational material will be prepared to explain the life-saving value of passive restraints. These programs are not in addition to the \$20 million effort.

SENATOR ANDREWS: Of the requested FY 1986 funds, what will be spent educating the public on air bags versus seat belts? Is this a definite figure that we can hold you to?

ANSWER: Of the total \$20 million program, approximately \$4 million will be spent on promoting use of manual safety belts, approximately \$4 million on passive systems, and about \$12 million on projects involving all types of occupant protection. While actual expenditures may differ slightly once contracts are awarded, we believe these estimates are accurate, and we intend to adhere to them as closely as possible.

SENATOR ANDREWS: What is the status of National Highway Traffic Safety Administration efforts to hire a program manager? That is, what is the status of your Request for Proposal (RFP) for this position?

ANSWER: The Request for Proposal (RFP) for the "program integration contract" for the National Occupant Protection Program was issued on February 26, 1985. The closing date for receipt of proposals is April 12, 1985.

SENATOR ANDREWS: How many RFPs has National Highway Traffic Safety Administration issued regarding the "208" program? In what areas were they issued? What is the status of those proposals?

ANSWER: There have been about 47 RFPs (including contracts and grants) so far this fiscal year under the NOPP. This excludes small purchase orders. Of the total number issued, 28 have resulted in contract or grant awards and the remaining 19 are in various stages of the contract negotiations process.

Grants and contracts have been solicited to assist State and community program implementation, to assist national organizations in conducting occupant protection education, to assist employers in their programs, and to conduct research and evaluation.

THE PASSIVE RESTRAINT PROGRAM

SENATOR ANDREWS: The WASHINGTON POST on December 17th, reported that since 1981 the National Highway Traffic Safety Administration has spent \$32.8 million to get Americans to use seat belts. Is that an accurate figure? (If not please provide for the record a year by year break down by program area on the funds spent in this area.)

ANSWER: We are unfamiliar with the source of the funds cited in the POST article. However, it appears quite close the total Section 402 and 403 program funds of \$34.9 million expended by the States and by NHTSA for the years 1981-1984. The Section 403 Operations and Research funds obligated by NHTSA are:

(In thousands of dollars)

FY 1981	FY 1982	FY 1983	FY 1984	Total
\$1,701	\$2,771	\$3,424	\$2,648	\$10,544

The majority of the Section 402 funds used by the States for occupant protection since 1980 have been expended for child safety seat programs. These funds were obligated as follows:

FY 1981	FY 1982	FY 1983	FY 1984	Total
\$5,116	\$3,714	\$6,703	\$8,825	\$24,358

SENATOR ANDREWS: What measures or benchmarks will the Department use to assess the success of its efforts?

- Usage Rates
- Lives Saved
- Enactment of Seat Belt Laws
- Cars Purchased with Automatic Passive Restraints?

ANSWER: We believe there are four principal measurable objectives against which the performance of the program can be measured over the next year.

They include:

1. The number of states enacting mandatory use laws.
2. Safety belt use within those states.
3. The number of states which receive the full package of technical and financial assistance.
4. The extent to which passives education is incorporated throughout the NHTSA education program.

With full \$20 million funding, we believe that one year from now, the following is achievable:

1. Eight to twelve states will have enacted safety belt use laws.
2. Use rates in those states with required use laws should exceed 50 percent.
3. NHTSA will be providing the full range of technical and financial assistance to approximately 20 states.
4. Passive protection education will be fully incorporated in the outreach program. The air bag vehicle demonstration fleet will also be underway.

SENATOR ANDREWS: How would you like this Committee to measure the efforts of the National Highway Traffic Safety Administration in this area?

ANSWER: We suggest that the Committee use the same measures of success that we plan on using. They include the number of States enacting required use laws, the use rates in those States, how well we assist States with financial and technical assistance, and the extent to which we fully incorporate passive protection in our education program.

SENATOR ANDREWS: Through December 1984, 49 States and the District of Columbia had enacted laws requiring child safety seat use. How much of the additional funds (\$20 million total in FY 1985 and \$20 million in FY1986) will be directed at child safety seat usage?

ANSWER: The general thrust of the National Occupant Protection Program is to inform the public of the important lifesaving benefits of all types of occupant restraints. In that sense, most activities under the program will relate to child safety seat use as well as to usage of manual safety belts and passive restraint systems. This is especially true in State and local programs involving comprehensive community educational efforts.

Since the National Occupant Protection Program is designed to help implement our July 1984 decision on occupant restraints (Standard No. 208), only a small portion of the funds for that program are directed specifically to child restraints. Contracts on the specific subject of child restraints will total about \$300,000, in addition to the general inclusion of child safety in the program. However, a substantial portion of the agency's funding under the section 402 (highway safety grant) program will be used for child safety seat efforts. Agency personnel will continue their research and education efforts to encourage proper safety seat usage.

SENATOR ANDREWS: How involved was the Department in the child safety seat issue? What's the total of Federal funds spent in this area?

ANSWER: The Department was actively involved in encouraging States to enact mandatory child safety seat usage laws, and we are gratified that all 50 States and the District of Columbia have now done so. Our efforts included furnishing technical information as to the benefits of usage, responding to requests to testify, and providing data on child fatalities and injuries. The Federal costs of those efforts were essentially limited to travel and staff

salaries for time devoted; we are not able to compute those costs separately, but we believe they were minimal.

In addition to encouraging States to enact child safety seat laws, the agency has provided funding to encourage proper usage of child seats. Legislation enacted last year increased section 402 funding from \$100 million to \$126.5 million for FY 1985 and \$132 million for FY 1986, and earmarked 8 percent of those funds for child safety seat implementation efforts. This increased funding is building on previous state efforts and should result in increased activity at the State and local levels. Also, NHTSA has used section 403 funds to contract with national organization to promote child safety seat usage, as well as other types of occupant protection. Contracts oriented specifically toward child seat usage will total \$300,000 for FY 1986. Examples of those projects include:

1. A contract with the National Child Passenger Safety Association to coordinate child passenger safety activities, provide a faculty for State and local workshop and training sessions, design a brochure that discusses the use of child safety seats with automatic protection, and design a community guide for working with law enforcement agencies.
2. A contract with the American Academy of Pediatrics to continue to promote the proper use of child safety seats to their patients. Funds go directly to local pediatricians and support the Academy's Make Every Ride a Safe Ride program.
3. A comprehensive program aimed at the pre-natal health community, which will begin in the late spring of 1985. The program will include child birth educators, hospital and health department staff, nurses and physicians, and will focus on occupant protection in a maternal and child health scenario.
4. A contract with the National Association of State Directors of Law Enforcement Training, to educate the law enforcement community in child passenger safety issues. This will give them the background and incentive to improve their enforcement of State child passenger safety legislation.
5. A contract with the National Association for the Education of Young Children will focus on the education of the pre-school child in an effort to ensure proper safety habits in children who have grown out of their child safety seats.
6. A contract with the American Red Cross, which has produced a loan-a-seat "how to" manual for their chapters. The Red Cross is in the process of implementing such programs at the local level.
7. A continuing contract with the National Child Passenger Safety Association to conduct statewide training workshops in child passenger safety. This process will continue through FY 1986.

Furthermore, NHTSA is continuing its own research on establishing proper certification criteria and encouraging proper usage of child safety seats. During FY 1984, we completed a rulemaking establishing a common standard for

child seats used in airplanes and motor vehicles, so that parents may use the same child safety seats in all stages of long-distance travel. Our offices of Rulemaking, Enforcement, and Research and Development will continue their efforts on child passenger safety issues, which remain a top priority of NHTSA.

These efforts are complimentary to one another. For example, NHTSA prepared a study last year on misuse of child seats, and the results of that study have been incorporated into a film developed by the private sector, which is now available to the States for their use.

SENATOR ANDREWS: What was the involvement of the private sector getting these child safety seat laws passed?

ANSWER: The private sector was very active. In some States coalitions were formed by health and medical associations, civic and volunteer organizations, educators and interested individuals to promote child passenger safety legislation. Through their efforts, States were encouraged to enact legislation that would adopt FMVSS 213 for child passenger protective devices, and require proper use of such devices by adults transporting children. As a result of their efforts, the number of States with such laws increased from just two in January 1981, to all 50 States and the District of Columbia by early 1985.

As noted in response to the previous question, private organizations have also been actively involved in promoting proper use of child seats. NHTSA has provided financial assistance for many of these projects, and we will continue to do so. Finally, the private sector was of tremendous help in starting child seat loaner programs. Following on small amounts of NHTSA "seed money", many private sector organizations presented additional safety seats for loaner programs, thus helping to see that safety seats are available to all at a reasonable cost.

SENATOR ANDREWS: What has the National Highway Traffic Safety Administration learned from that experience that can be applied to the new passive restraint initiative?

ANSWER: We learned from our experience with child safety seat laws that the public, public officials and legislators need factual information on the need for occupant protection, and that support groups and coalitions of health professionals, public interest, civic and volunteer groups and others can be particularly effective in communicating this information. Earlier opinions that held that limited use of child protection devices and of safety belts was indicative of low public acceptance have been proven wrong. Once people are aware of the risks and costs associated with not being protected in highway crashes and the effectiveness of restraint use, most become interested in how they can help to increase occupant protection. These methods include the increased use of manual systems as well as an awareness and acceptance of automatic systems.

We also learned that beyond the simple fact of the existence of a law, education is critical both before and after legislative action to help ensure that occupant protection devices are properly used. The same would hold true for educating people on passive restraints, such as the need to wear safety belts even in cars equipped with air bags and the need to keep automatic safety belts attached.

STATE SEAT BELT LAWS

SENATOR ANDREWS: Who conducts the review of the State mandatory use laws? Is it the DOT General Counsel in consultation with National Highway Traffic Safety Administration?

ANSWER: The Secretary will make the determination of whether a State's safety belt law complies with the criteria contained in Standard 208. In making her determination, the Secretary will receive advice from various offices in the Department, including the legal offices of NHTSA and the Department.

SENATOR ANDREWS: What amount of resources is the National Highway Traffic Safety Administration devoting to review of State mandatory use laws? How many people? How much money?

ANSWER: Our occupant protection rules set minimum criteria for State mandatory safety belt use laws, and we intend to make our determinations well in advance of the April 1, 1989, deadline specified in the rule. Some of the criteria, especially those concerning implementation, will take time to evaluate, but we are carefully examining each statute as it is enacted.

We are providing interim guidance to the States by disseminating a model State belt usage law which does meet the minimum criteria. We are also meeting with State legislators and responding to their written and telephone inquiries, to provide whatever assistance is possible at this stage.

Since review of State statutes depends in large part upon information supplied by the States, we do not at this time anticipate establishing a separate staff or requesting additional resources to carry out that task. Statutes will be examined by our current legal and program staff as part of their ongoing responsibilities. We are not able to compute separately the number of people or the staff time involved in the review process, but we believe the cost is minimal.

SENATOR ANDREWS: How much time is the DOT General Counsel's office devoting to reviewing the mandatory use laws?

ANSWER: The office has spent approximately 4 hours reviewing State laws. It has spent an equivalent amount of time answering letters or telephone calls concerning State mandatory use laws, and an additional 20-25 hours in the review and coordination of the Department's model mandatory use law.

SENATOR ANDREWS: If saving lives is the goal, why didn't the Department rule that both air bags and seat belts in combination be required in some fashion?

ANSWER: The Department estimates that the effectiveness of the manual lap/shoulder belt and an air bag with a lap belt are identical (40-50% for fatalities). The effectiveness of an air bag alone (with no belt use) is estimated to be 20-40%. Thus, in order for an occupant to receive a high level of protection (40-50%), the occupant must buckle a belt -- either a lap/shoulder belt or a lap belt with an air bag. Based on available data from foreign countries that have passed mandatory use laws, the Department estimates that under such laws, seat belt use will increase to a level of 40-70%. Since almost all cars have seat belts, a mandatory use law will provide significant benefits immediately, rather than several years from

now when air bags would become available. Furthermore, mandatory use laws do not affect the price of cars, while air bags would add at least \$320 (1982 dollars) per car.

SENATOR ANDREWS: Don't you believe that it is in the best interests of States considering seat belt laws and auto manufacturers that must tool up to provide air bags to have immediate reviews of State laws as they are passed? If not, why not?

ANSWER: We have been assisting the States in comparing the provisions of State safety belt use laws to the minimum criteria of the occupant protection rule. We will make our determinations of whether individual state belt usage laws meet the minimum criteria of the occupant protection rule well in advance of April 1989. The subject of mandatory use laws is being actively considered in many State legislatures, and the public debate over what features those laws should contain, including the content of the State's enforcement program, is healthy and contributes to public awareness of the importance of safety belt use. We do not want to curb that discussion at this early stage. However, we are providing guidance to the States by disseminating a model safety belt usage law which does meet the criteria set out in our final rule.

SENATOR ANDREWS: It appears that even States that pass usage laws might intentionally write statutes that are non-complying with Federal regulations. Why do you think this is being done? Would the Department relax its regulations if more and more States passed non-conforming legislation? If not, why not? If so, why?

ANSWER: Some legislators have said that they favor passive restraints such as air bags and do not want the safety belt laws to interfere with the requirements for these restraints. By drafting bills that do not meet Standard No. 208's minimum criteria, they claim their bills will achieve an immediate benefit by increasing belt use without sacrificing the long-term benefits of passive restraints. Other legislators simply disagree with one or more of the minimum criteria, such as the criteria for minimum penalties or for mitigation of damages.

We issued the criteria in the belief that they represented the minimum requirements for an effective safety belt use law. At present, the Department is reviewing several petitions asking us to reconsider some of the criteria. However, any changes to the minimum criteria would be made only after publication for notice and comment. In any event, we would not amend the criteria for the sole purpose of including additional States in the total.

SENATOR ANDREWS: Currently there is a suit before the U.S. Appeals Court against the relaxing of air bag installation if two-thirds of the population were covered by seat belt usage laws. If such an appeal were successful what would be the Department's response? That is, what resource level would you then propose for the 208 program? In what areas would those funds be spent?

ANSWER: It is our view that the passive restraint requirements of the standard are inseparable from the safety belt alternative. Our rule was issued after much careful study; we

believe it fully conforms to the Supreme Court's 1983 decision, and we are confident that we will prevail in the current court suit. However, if the court determined that the safety belt alternative was invalid, we believe the court must void the entire rule and remand it to the Secretary for further consideration. The Department's response would, of course, depend on the instructions of the Court on remand.

Although one purpose of the occupant protection program is to implement the Secretary's decision on Standard No. 208, its larger purpose is to foster increased use of occupant protection. We would continue to pursue the goal of occupant protection regardless of the outcome of the litigation, and to that end would request funding at a level comparable to the level now being requested. As noted in response to Question 1, we would expect to devote this funding both to safety belt programs and to information about passive restraints.

SEAT BELTS - SCHOOL BUSES

SENATOR ANDREWS: In correspondence, the Committee was told that the Department essentially followed the Transportation Research Board Study on safety belt usage. The report states that "... no single program will work and recommended a combination of approaches on many fronts." What is the Department's position on safety belts in school buses? What can the Department now do in this area if it chooses? Is the Department doing anything?

ANSWER: Small van-type school buses (under 10,000 lbs gross vehicle weight) already are required to have safety belts. Any jurisdiction is free under existing requirements to order safety belts in large school buses (over 10,000 lbs). However, the National Highway Traffic Safety Administration (NHTSA) believes that the currently mandated occupant protection in large school buses provides appropriate safety protection. Federal Motor Vehicle Safety Standard (FMVSS) 222, School Bus Passenger Seating and Crash Protection, requires that the interior of large buses be improved so that children are protected without the need to "buckle up." The requirements are for higher and stronger seat backs, additional seat padding, better seat spacing and seat performance ---all together they embody the compartmentalization concept.

The compartmentalization concept is based on four areas of research and crash testing. NHTSA studied the results of school bus crash tests conducted during the 1960's and early 1970's, the safety record of school buses, the usage rate of safety belts in general, and the cost of belt installation. In 1972, NHTSA reported the results of a study entitled "School Bus Seat Restraint and Seat Anchorage Systems," which found that there was a "jack-knife" effect resulting from the use of lap belts in school buses. In many instances a child's face would be aimed at the then unpadded steel seat frame of the seat ahead when the bus made a sudden stop. The low, unpadded seat frames increased the chances of injury to a child's head, neck, and chest. Basic design changes were recommended for the bus seat, which were found to be the greatest contributor to occupant injuries. The NHTSA tests confirmed many of the earlier findings and determined that within certain limits of seat spacing, compartmentalizing the pupil between high-strength, high-back seats with well-padded backs would provide appropriate protection and avoid a number of problems posed by school bus lap belts. While NHTSA was still engaged in school bus research, the

Congress enacted the School Bus and Motor Vehicle Safety Amendments of 1974, which directed NHTSA to issue standards on several aspects of school bus safety, including bus seating.

Following these research programs, which included crash testing, NHTSA concluded that, with proper interior and seat design, there was insufficient evidence that lap belts would substantially increase the protection currently provided to children riding in large school buses. It is important to emphasize that FMVSS No. 222, School Bus Passenger Seating and Crash Protection, specifies only the minimum safety requirements applicable to all school buses. Nothing prohibits a State or local jurisdiction from requiring a higher level of safety protection in their buses. Any school district that wants to order safety belts in their large school buses is free to do so.

SENATOR ANDREWS: Can Safety Grant "402" funds be used in this area? If so, how? Please elaborate.

ANSWER: Yes, Section 402 funds can be used in this area, since occupant protection is one of the six categories for which these funds may be used. Such funding could be used to retrofit present buses with safety belts, to participate in the cost of belts in new buses, and to assist in offering instruction in proper belt use. However, since each State determines how to spend its section 402 allocation, a State would have to decide that the use of funds for installing belts on buses was justified when compared to other components of the State's traffic safety program.

SENATOR ANDREWS: Advocates for safety belts on school buses contend that by not encouraging their installation and use the Department negates those efforts expended in the child seat and 208 area, does the National Highway Traffic Safety Administration agree with that? If not, why not?

ANSWER: No, NHTSA does not agree. Children in larger school buses are protected by the use of high, padded, strong seats (compartmentalization). Safety belts are required in small school buses. Children transported in child seats are protected by a special restraining device specifically designed for small children. The compartmentalization concept does not require the use of safety belts. The agency is currently studying the issue of whether belt wearing in some types of vehicles has carryover effects into others. NHTSA also recognizes that some localities may consider the restraint offered by lap type safety belts desirable for their particular usage and conditions, and encourages any school districts that reach that conclusion to exercise their prerogative and order their large school buses with safety belts.

THE NATIONAL MAXIMUM SPEED LIMIT

SENATOR ANDREWS: What is the Department's position on a national speed limit?

ANSWER: The Department has long recognized that the imposition of the 55 mph national maximum speed limit is an effective highway safety measure. The comprehensive 55 mph speed limit study conducted by the National Academy of Sciences (NAS) confirms this conclusion. According to the Academy, the slower speeds and more uniform pace of travel resulting from the 55 mph limit has saved some 25,000 to 50,000 lives during the last ten years. The Academy

estimates the current annual effect of the speed limit to be 2,000 to 4,000 lives saved, 2,500 to 4,500 fewer serious, severe, and critical injuries, and 34,000 to 61,000 fewer minor injuries. However, as noted by the Academy, the cost of these benefits include a 1.3 percent increase in motorist travel time. A Departmental 55 mph Task Force is now carefully reviewing the Academy's conclusions and recommendations and various policy options related to this issue. A final Department position will be finalized as soon as that ongoing review is completed.

SENATOR ANDREWS: Has the Department contemplated proposing legislation that would leave the speed limit issue to the States?

ANSWER: The Department is continuing its review of the National Academy of Sciences report on the speed limit, and does not plan to make any decision regarding whether to propose legislation on any aspect of the speed limit until that review is completed.

SENATOR ANDREWS: Has the Department studied the recommendation that the Federal Government measure speed limit compliance through a variable point system? If so what are some of the preliminary findings? If not, when?

ANSWER: The Department's 55 mph Task Force is closely examining this new compliance measuring concept. Our preliminary conclusion is that such a concept appears to have merit in that it would tend to focus speed enforcement on those higher speed violations which pose the greatest danger to highway safety. However, it also appears that the basic 55 mph statutes would require amendment before we could implement this new measurement system.

ALCOHOL INCENTIVE GRANTS--408

SENATOR ANDREWS: What can NHTSA do to speed up the use of these funds?

ANSWER: This program became effective by rule in April 1983. However, there was a great deal of legislative activity on the part of many States in anticipation of Congress passing some type of alcohol traffic safety incentive grant funding. They anticipated that the legislation they enacted in 1982 and early 1983 would qualify them for the Traffic Safety Incentive Grant Funds. In 1982, 378 separate pieces of legislation were introduced in 37 States and 38 major DWI laws were enacted. In 1983, 772 bills were introduced and 127 laws aimed at improving the States alcohol traffic safety program enacted. In many cases these new laws did not meet the criteria established for a basic grant.

As a consequence, this program is obligating more slowly than anticipated. States have been trying to get changes in the legislation. But many of the laws enacted in 1982 and 1983 were packaged concepts. Consequently, State legislatures have been reluctant to make additional changes until they had a chance to evaluate the impact of legislation enacted earlier. Their evaluation of these changes are just now nearing completion and we believe changes will be proposed by many States in the coming year(s). There is also a growing apprehension among State legislators that anytime you open up the DWI laws for change, there is always the possibility that their current laws could be weakened.

The 408 program has been given the highest priority by the Department. Particular, in providing assistance to States to help them qualify for these incentive funds. The 408 program has been discussed at the National Association of Governors' Highway Safety Representatives Conference, Regional Highway Safety workshops, United States Conference of Mayors, National Association of Counties, International Association of Chiefs of Police Conference, American Association of Motor Vehicle Administrators regional and national conferences, etc. In addition NHTSA has worked closely with a number of nonqualified States to clarify issues and help States develop strategies to qualify.

We are continuing our efforts of assistance to the States to help them qualify for the alcohol traffic safety incentive grant program. The program however, is voluntary in its approach, it provides genuine incentives for the States and localities to meet their responsibilities. The fact that it is a voluntary program and that States are not required to comply is viewed as a strength of the program rather than a weakness.

SENATOR ANDREWS: Is the department contemplating changing the criteria to allow more States to participate?

ANSWER: NHTSA staff is currently conducting an analyses of the Alcohol Traffic Safety Incentive Grant Program to determine if it is necessary to modify it.

SENATOR ANDREWS: What is the estimate of funds obligated (using the 28.8 million level by tier and by State?)

ANSWER: The estimate of funds obligated is as follows:

STATE	BASIC	SUPPLEMENTAL	TOTAL
Alabama	\$ 556,418	\$ 370,946	\$ 927,364
Alaska	157,200	104,800	262,000
Arizona	420,848	280,565	701,413
Delaware	157,200	104,800	262,000
Indiana	723,902	482,601	1,206,503
Louisiana	527,956	351,971	879,927
Maine	157,200	104,800	262,000
Mississippi	387,633	258,422	646,055
Montana	217,959	145,306	363,265
Nevada	164,093	109,395	273,488
New Hampshire	157,200	104,800	262,000
New Jersey	1,610,723	1,073,816	2,684,539
New Mexico	233,866	155,911	389,777
North Dakota	232,358	154,906	387,264
Rhode Island	157,200	104,800	262,000
Utah	230,349	153,566	383,915
Sub-total	6,092,105	4,061,405	10,153,510
Additional States	11,187,894	7,458,596	18,646,490
Total	\$17,279,999	\$11,520,001	\$ 28,800,000

CHILD TETHER ANCHORAGE RULE

SENATOR ANDREWS: NTSB continues to recommend that tether anchorage requirements be established to facilitate proper use of child restraints. What has been your response to NTSB?

ANSWER: NHTSA's response of August 20, 1984 addressed the NTSB recommendation of November 30, 1983, and stated that, at the time of the response, a final decision on whether to require tether

anchorage or pre-drilled holes in motor vehicles was under review within the Department and that it hoped to announce a final decision shortly. A subsequent NHTSA response of March 14, 1985 stated that NHTSA had completed its review and that this review led to the conclusion by NHTSA that, rather than requiring tether anchorages, a more effective way of improving child safety is to amend FMVSS No. 213, Child Restraint Systems, to subject all child seats to the same dynamic test requirement at 30 mph, fastened only by a safety belt.

SENATOR ANDREWS: The Safety Board originally issued anchorage recommendations to NHTSA on November 30, 1983. By law NHTSA has 90 days in which to formally respond to recommendations—that would have been February 28, 1984. Have you responded to these recommendations? When? If not, why not? If so, in summary what was your response.

ANSWER: NHTSA formally responded to the National Transportation Safety Board (NTSB) letter of November 30, 1983 on August 20, 1984. The response indicated that:

- 1) A decision on whether it was appropriate to require either tether anchorages or predrilled holes was being reviewed within the department and that NHTSA hoped to announce a final decision shortly.
- 2) NHTSA was considering the NTSB recommendation that tether type child restraints meet 30 mph impact criteria without the tether strap attached.

In a subsequent formal response of March 14, 1985, NHTSA indicated that a review of the desirability of requiring tether anchorages or pre-drilled holes had been completed. NHTSA conclusions from the review were:

- 1) The market continues to shift toward untethered seats.
- 2) At least two manufacturers are now offering a tether strap on some child seats as an option for added safety, but these seats are not dependent on the tether for compliance with our standard.
- 3) NHTSA's research continues to show extensive misuse of seats designed to be used with a tether.
- 4) Currently, about 55% of new passenger cars have pre-drilled holes and there has been no noticeable improvement in the percentage of people correctly anchoring tether straps.

NHTSA informed the NTSB that, in light of these facts, NHTSA had decided not to issue a rule requiring tether anchorage hardware to be installed in all new passenger cars.

SENATOR ANDREWS: This committee last year disagreed with the House Appropriations Committee position that the National Highway Traffic Safety Administration's (NHTSA) operations funds be withheld until a final tether anchorage rule be implemented. The Committee did, however, expect quick resolution of the issue. What has NHTSA done in this area over the past year?

ANSWER: Over the past year NHTSA has reviewed various child protection alternatives. This included review of associated accident data results, projected costs and benefits of various alternatives, surveys of factors leading to misuse, and market shares of different types of child restraint systems.

The studies led to a conclusion by NHTSA that, rather than requiring tether anchorages, a more effective way of improving overall child safety is to amend FMVSS No. 213, Child Restraint

Systems, to subject all child seats to the same dynamic test requirement at 30 mph, fastened only by a safety belt. This would be an upgrade of existing FMVSS No. 213 and in time could largely eliminate the present safety problem associated with misused tethers.

We expect to issue an NPRM proposing this change in the near future.

ADVISORY COMMITTEES

SENATOR ANDREWS: How many advisory committees come under NHTSA jurisdiction? In what areas do they advise NHTSA? How much will be expended in Fiscal Year 1985 on Advisory Committees?

ANSWER: The NHTSA currently has two advisory committees; the National Highway Safety Advisory Committee (NHSAC) and the National Driver Register Advisory Committee (NDRAC). The NHSAC advises the Secretary of Transportation on highway safety programs carried out by the Department. The NDRAC advises the Secretary on the efficiency and operation of the National Driver Register and the effectiveness of the Register in assisting States in exchanging information regarding motor vehicle driving records. Below is a cost breakdown of funds for both Committees for FY 1985.

NHSAC - FY 1985 (estimate)

Committee travel	\$ 33,000.00
Committee compensation	25,000.00
Staff travel	4,000.00
Staff salaries	45,000.00
Logistics (court reporter, etc.)	3,000.00
TOTAL	\$110,000.00

NDRAC - FY 1985 (estimate)

Committee travel	\$ 45,000.00
Staff travel	2,000.00
Staff salaries	10,000.00
Logistics (court reporter, etc.)	1,200.00
TOTAL	\$ 58,200.00

SENATOR ANDREWS: What Advisory Committees are planned for Fiscal Year 1986 and what will they cost?

ANSWER: We plan to continue the two current Advisory Committees for FY 1986. It is very difficult to estimate the costs for Advisory Committees for the next fiscal year until the Committees establish their study and review plans. The issues for review by the Committees are determined at the end of each fiscal year, and at that time estimated costs are established. We at this time expect the same level of activity for both committees in FY 1986 as in FY 1985 and therefore costs should not exceed over 5% of FY 1985 costs.

SENATOR ANDREWS: Please provide a summary description of each Advisory Committee including the number of meetings, list of members, amount spent, and products produced. Please provide such summaries for Fiscal Year 1984, estimated for Fiscal Year 1985, and planned for Fiscal Year 1986.

ANSWER: The NHSAC was created by the Congress in 1966 to advise the Secretary of Transportation on highway safety programs carried out by the Department of Transportation. The Committee's 35 members are appointed by the President, and include representatives from State and

local governments, public and private groups concerned with highway safety, as well as research scientists and other experts in the field. Following are summaries for FY 1984, 1985 and 1986.

In 1984 the NHSAC met in full session two times and subcommittee sessions 3 times. During this period, the Committee reviewed two major topics and co-sponsored with the Department of Transportation a National Highway Safety Symposium.

NHSAC FY 1984 COSTS (ACTUAL)

Committee travel	\$ 52,287.00
Committee compensation	21,800.00
Staff travel	5,453.00
Staff salaries	29,414.00
Nonmember consultants	9,484.00*
Miscellaneous (court re- porter, etc.)	12,300.00*
TOTAL	\$130,738.00

*Funds spent in support of DOT/NHSAC co-sponsored National Highway Safety Symposium.

NHSAC FY 1984 ACCOMPLISHMENTS

Issues Concerning Elderly Drivers - With the increase in population of individuals in the age 65 and over category, the Committee set out to learn more about elderly drivers, and what impact the aging process has on their ability to drive safely. A report was sent to the Secretary of Transportation for her consideration. Two recommendations contained in the report were: 1) that the Department evaluate private sector driver retraining programs aimed specifically at the elderly, and 2) that research be undertaken to provide insight on the aging process, as well as disease-related impairments, which in turn may affect all segments of the population. As a result of the visibility received at the hearing, the issue of elderly drivers is now being addressed by several organizations including the Department of Transportation and the American Association of Motor Vehicle Administrators.

Commercial Vehicle Safety Issues - This study is on-going and includes review of driver training programs, use of roadside inspections, and the collection and use of accident data. A report on the Committee's findings is expected to be released in May 1985.

In addition to these two reviews, the Committee co-sponsored with the Department of Transportation a National Highway Safety Symposium entitled "Emerging Issues in Highway Safety". The symposium covered four topics: 1) The Role of the Private Sector in Identifying and Implementing State and/or Local Highway Safety Programs; 2) Momentum and Self-Sufficiency of Programs; 3) Emergency Medical Services (EMS); and 4) Commercial Vehicle Safety Issues. A summary of the findings and conclusions resulting from this symposium were presented to the Secretary of Transportation for her consideration.

NHSAC FY 1985 COSTS (ESTIMATE)

Committee travel	\$ 33,000.00
Committee compensation	25,000.00
Staff travel	4,000.00
Staff salaries	45,000.00
Logistics	3,000.00
TOTAL	\$110,000.00

NHSAC FY 1985 EXPECTED ACCOMPLISHMENTS

During FY-1985, the Committee has selected three issues for review: 1) technology transfer, 2) emergency medical services, and 3) safety belts. The technology transfer study will attempt to identify common denominators in highway safety programs that will allow for these programs to be implemented in different locations. Site visits are planned to selected areas to review on-going programs. The emergency medical services study will review several factors including: self-sufficiency through various fund-raising efforts; promoting local support for EMS; and the feasibility of establishing an information system that provides for the collection of data and evaluation of benefits derived from EMS. The safety belt review will provide an opportunity for public opinion to be gathered on the continuing issues involving safety belt usage. The Committee will be holding 1 full Committee meeting and 5 subcommittee meetings/site visits.

NHSAC FY 1986 EXPECTED ACCOMPLISHMENTS AND COSTS

Issues to be reviewed by the Advisory Committee are determined at the end of each session (usually coincides with the fiscal year). Therefore, it is not possible at this time to determine what issues the Committee will review during FY-1986. The Committee will base its selection of issues on the Department's priorities as well as concerns that are identified by the membership. Fiscal Year 1986 estimated costs will be established when the Committee's FY 1986 review plan is established. A list of Committee members is attached.

In 1984 the NDRAC met twice. Since this Committee was newly established, both meetings were devoted to providing in-depth background briefings on the status of the NDR and to allow the Committee an opportunity to establish its internal organizational structure.

NDRAC FY 1984 COSTS (ACTUAL)

Committee travel	\$ 9,640.00
Staff travel	-0-
Staff salaries	8,110.00
Logistics	750.00
TOTAL	<u>\$18,500.00</u>

NDRAC FY 1984 ACCOMPLISHMENTS

The Committee provided the agency with valuable comments on the required and planned changes in the National Driver Register and how those changes might affect the States. They also commented on the Congressionally mandated schedule for implementation of upgrading the NDR system.

NDRAC FY 1985 COSTS (ESTIMATE)

Committee travel	\$ 45,000.00
Staff travel	2,000.00
Staff salaries	10,000.00
Logistics	1,200.00
TOTAL	<u>\$ 58,200.00</u>

NDRAC FY 1985 ACCOMPLISHMENTS

On November 7, 1984 the NDRAC sent seven recommendations to the Secretary of Transportation on NHTSA's efforts to implement the Congressionally mandated upgrading of the NDR. In addition, an annual report on the Committee's activities during 1984 will be forwarded to the Secretary. For the remainder of FY 1985 the Committee will be reviewing issues concerning: the Rapid Response System; D-20 data base elements, reinstatement fees and development of a State plan.

The Advisory Committee plans to meet approximately 3 times in full session and visit the States that are selected to participate in the State pilot test of the PDPS which would mean approximately 4 site visits.

NDRAC FY 1986 COSTS AND ACCOMPLISHMENTS

The issues to be reviewed by the NDRAC will be based on the overall progress on implementing the upgrading of the NDR. Specific items will be identified at the end of FY 1985. Estimated costs will be established when items for review have been identified. Attached is a listing of NDRAC Members.

LISTING OF MEMBERS

Mr. Russell I. Brown (1984)
Traffic Safety Consultant

Mr. Michael L. Johnson (1984)
Commissioner, Ada County

Mr. Harold Coker (1985)
President, Coker Tire Company

Mr. Thomas Kallay (1986)
Professor of Law, Southwestern
University School of Law

Mr. Paul D. Coverdell (1986)
President, Coverdell & Company

Mr. G. Lawrence Keller (1986)
Senior Vice Pres., Corporate Dev.
The Coleman Company, Inc.

Dr. Walter W. Gray, Jr. (1985)
Professor, Health & Safety Dept.
Director, Driver & Traffic
Safety Instruc. Demo. Center
Indiana State University

Ms. Joanne C. Kozberg (1984)
Vice Chairman, Performing Arts
Council
Music Center of Los Angeles

Mr. Peter Griskivich (1986)
Vice President & Director
Motor Truck Manu. Division
Motor Vehicle Manu. Assoc.

Mr. John A. Kraeutler (1985)
Chairman of the Board & COO
The Underwriters, Inc.

Mr. Michael J. Hermreck (1985)
President, M.J. Hermreck, Inc.

Mr. Dan H. Kuykendall, Sr. (1985)
President, D.K. Consultants, Inc.

Mr. Lexie Herrin (1985)
President, Herrin & Assoc.

Mr. Alan G. Loofbourrow (1986)

Mr. Henry E. Hudson (1985)
Commonwealth's Attorney
for Arlington

Mr. George A. Luciano (1983)

Mr. Don MacGillivray (1986)

Dr. Paul R. Meyer, Jr. (1985)
Professor of Orthopedic Surgery &
Dir., Spinal Cord Injury Program
Northwestern Univ. Medical School

Mr. Anatole Milunas (1984)
Project Manager
DeLeuw Cather & Company

Mr. John L. Moriarity (1986)
Trial Attorney
Van Nuys Law Center

Ms. Margaret L. Nordyke (1986)
Santa Barbara County
Republican Central Committee

Mr. Stuart Northrop (1987)
Chairman of the Board
Huffy Corporation

Mr. Stanley J. Preebe (1984)
Consultant, Industrial Sales
S.J. Preebe & Associates

Mr. William A. Roper, Jr. (1983)
Consultant

Mr. John W. Ruger (1986)
Retired GM Acceptance Corp.

Mr. William B. Snyder (1984)
President, GEICO

Mr. Taras G. Szmagala (1984)
Manager, Communications
& Government Relations
Greater Cleveland Regional
Transit Authority

Mr. William Taggart (1987)

Ms. Evie Teegen (1985)

Mr. John W. Thomas, Jr. (1984)
President, Thomas Built
Buses, Inc.

Mr. Frank A. Ursomarso (1984)
General Manager, Union Park
Pontiac, Honda, BMW, DeLorean,
INC.

Mr. Kenneth E. Vetter (1985)
Ken Vetter Insurance, Inc.

Mr. Melville P. Windle (1986)
Vice President & Gen. Counsel
Transamerica Insurance Co.

Mr. Larry Zarian (1987)

SENATOR ANDREWS: What accounts within NHTSA fund the Advisory Committees?

ANSWER: Funds for the Advisory Committees including compensation, travel, NHTSA staff support and miscellaneous expenses are provided from the Office of the Administrator budget activity. Within this budget activity, the NDRAC is funded from the Operations and Research account (federal funds) and the NHSAC is funded from the Highway Safety Research and Development account (trust funds). NHTSA staff support is funded from both accounts.

BUREAU OF MOTOR CARRIER SAFETY (BMCS)

SENATOR ANDREWS: The fiscal year 1986 budget includes \$45.7 million to fund activities transferred from the Federal Highway Administration to NHTSA. Is legislation required to implement this move? When will that legislation be submitted? What will that legislation contain? Is the legislation necessary for transferring of the funds or is enabling legislation also required?

ANSWER: The Department of Transportation Act directed that the motor carrier safety functions being transferred to the new Department were to be administered by the Federal Highway Administration (Sec. 6(f)(3)(B), Pub. L. 89-670; 49 U.S.C. 104(c)(2)). To remove these functions from the Federal Highway Administration would require legislation.

Although the Department submitted legislation for this purpose in the last Congress, it has decided to defer the submission of similar legislation pending a review of the effects of the Motor Carrier Safety Act of 1984 (Title II, Pub. L. 98-554). The Federal Highway Administration is making significant organizational realignments to help carry out the amendments.

SENATOR ANDREWS: What functions of FHWA will be affected by this transfer? Please list and describe.

ANSWER: As noted in the previous answer, it has been decided to defer the submission of legislation for any transfers pending a review of the effects of the Motor Carrier Safety Act of 1984. The functions scheduled to be transferred under the earlier budget proposal were: Motor Carrier Safety, Motor Carrier Safety Grants, Highway Safety Research and Development, and Highway Safety Grants and Administration. Support for those programs is funded through FHWA's General Operating Expense Account.

SENATOR ANDREWS: How will reorganization improve the Department's effectiveness in the safety area?

ANSWER: The Secretary has decided not to send draft legislation in the near future. She is concerned that pushing forward with transfer legislation could divert attention from concentrating fully on new responsibilities given to BMCS at the end of the last session of Congress. The Secretary has authorized the Federal Highway Administrator to take steps to strengthen the BMCS program within the FHWA.

SENATOR ANDREWS: What is the difference between this new fiscal year 1986 proposal and the legislation introduced last Congress which created a Transportation Safety Administration?

ANSWER: For the reasons given in response to previous questions, the Department is not submitting legislation at this time.

REQUIRED REPORTS

SENATOR ANDREWS: On March 1, two reports from NHTSA are required--one on enforcement of import regulation and one on the Section 209 highway safety information and education pilot projects, will they be on time? If not, when will those reports be delivered to the Committee?

ANSWER: The Senate Committee on Appropriations directed the agency to deliver a report on the enforcement of import regulations by March 1, 1985. As a result of various issues, detailed coordination and other considerations involved with import regulations, the March 1 deadline was not met. However, the report is under final review and the agency anticipates delivery to the Committee during the week of April 1, 1985.

A request contained in the Report of the Committee on Appropriations, No 98-859 directed the agency to forward a status report on Section 209 by March 1, 1985. This report was delivered to Congress on March 21, 1985.

SENATOR ANDREWS: What has been learned in reviewing the enforcement of import regulations?

ANSWER: The number of cars involved in this market has increased dramatically since 1980 by over 1,400 percent with 37,400 grey market vehicles imported in 1984, compared to 2,400 in 1980. Based upon our review and analysis of compliance statements submitted to the agency by importers of grey market cars, approximately 73 percent are released as being substantially in compliance with the Federal Motor Vehicle Safety Standards. However, recognizing the fact that we are becoming increasingly aware of fraud covering the spectrum of importation, modifications, and the submission of documentation to the agency to establish conformity with the Federal Motor Vehicle Safety Standards, this figure must, itself, be considered suspect.

We are also concerned that the potential for notification and recall of grey market vehicles for correction of safety-related defects is extremely remote. The original manufacturer of such vehicles is not, within the meaning of the Act, the "statutory manufacturer" and bears no responsibility for meeting the notification and recall provisions as they would apply to the grey market vehicles in question. It is highly unlikely that records kept by the original manufacturer in the country of origin would indicate data on purchasers other than for those countries where the vehicle, as originally manufactured, was marketed. This would make it nearly impossible for major manufacturers to provide notification and remedy, where required. Fortunately, the safety problem due to the presence of uncorrected safety defects in grey market vehicles is small in a macro sense considering that the total number of all such imports is estimated to be less than 1.0 percent of the annual 10 million passenger car sales in the United States market. Also, most recalls only apply to a small portion of a model year and model line. Thus, at present, for any particular recall, there is only a low probability that an individual vehicle would be included.

As part of its ongoing surveillance program for monitoring imported grey market cars, the agency is engaged in the following activities: examining compliance statements and other supporting documentation submitted by importers to establish conformity; performing inspections of vehicles, on a limited basis, to check the authenticity of compliance statements submitted by importers; and laboratory testing (static and dynamic) of agency-purchased grey market vehicles to evaluate compliance. The inspection survey previously mentioned is being conducted in Boston, Miami, Houston, San Francisco, and their environs.

Currently, this entire area is being reviewed during the National Highway Traffic Safety Administration's rulemaking to implement the Motor Vehicle Theft Law Enforcement Act of 1984. A Notice of Proposed Rulemaking should be issued early this year. A copy will be provided to the committee.

In addition, a report requested by the Senate Committee on Appropriations dealing with enforcement of Customs Regulation, Title 19, Code of Federal Regulations, Part 12.80, is in the final stages of preparation. When completed, a copy will be provided to the committee.

Other Federal agencies having responsibilities involving grey market cars are the United States Customs Service and the Environmental Protection Agency.

SENATOR ANDREWS: It has recently been reported that domestic versus foreign auto recalls are in the same ratio as their respective shares of the U.S. auto market. Are NHTSA's enforcement resources allocated based on the domestic versus foreign auto shares of the market? What percent of NHTSA's enforcement effort and what percent of NHTSA's research and analysis effort is expended on domestic cars? How much on foreign cars?

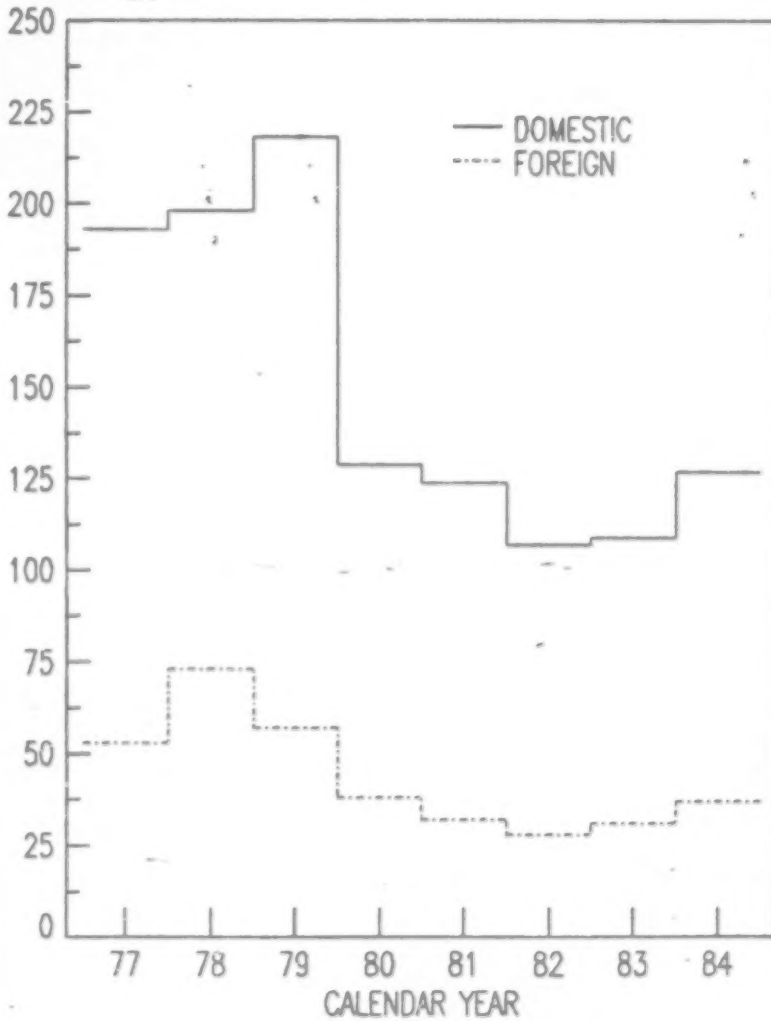
ANSWER: Decisions pertaining to allocation of Enforcement resources are dictated by the agency's mission to determine compliance with motor vehicle safety standards and to investigate motor vehicle safety defects. Defect investigations are based on our receipt of complaints from owners concerning problems which are potentially safety-related. The agency collects a variety of information on all safety-related complaints, irrespective of the vehicle's origin and opens an investigation when a trend starts to develop or when a particularly serious problem is identified. The number of defect investigative actions open at any given time is a reflection of the complaints that we have received. At the present time, 83 percent of the agency's investigative actions (Preliminary Evaluations, Engineering Analyses, and Cases) are on domestic vehicles, and 17 percent on foreign vehicles. Since 1974, 82 percent of the recalls have been for domestic vehicles and 18 percent for foreign vehicles. The two attached charts show the total number of vehicle recall campaigns and the number of vehicles recalled for defects over the past 8 years.

In the area of standards enforcement, market share is one of the factors involved in the selection of vehicles to be included in the compliance test program. Other factors include: results of prior testing; accident data, where available; consumer complaints; analysis of relationship across model lines; and introduction of new models and/or new technology. All of these factors are considered regardless of the domestic or foreign origin of vehicles available in the marketplace. In fiscal year 1984, 41 percent of the vehicles in the compliance testing program were of domestic manufacture, and 59 percent were of foreign manufacture. New car registrations during the same period indicated 77 percent domestic and 23 percent foreign.

The agency's Research and Analysis is currently running at a level of \$30 million covering vehicle research, driver and pedestrian research and the collection and analysis of accident statistics. Research and Analysis funds are not allocated on the basis of "domestic" or "foreign" vehicles.

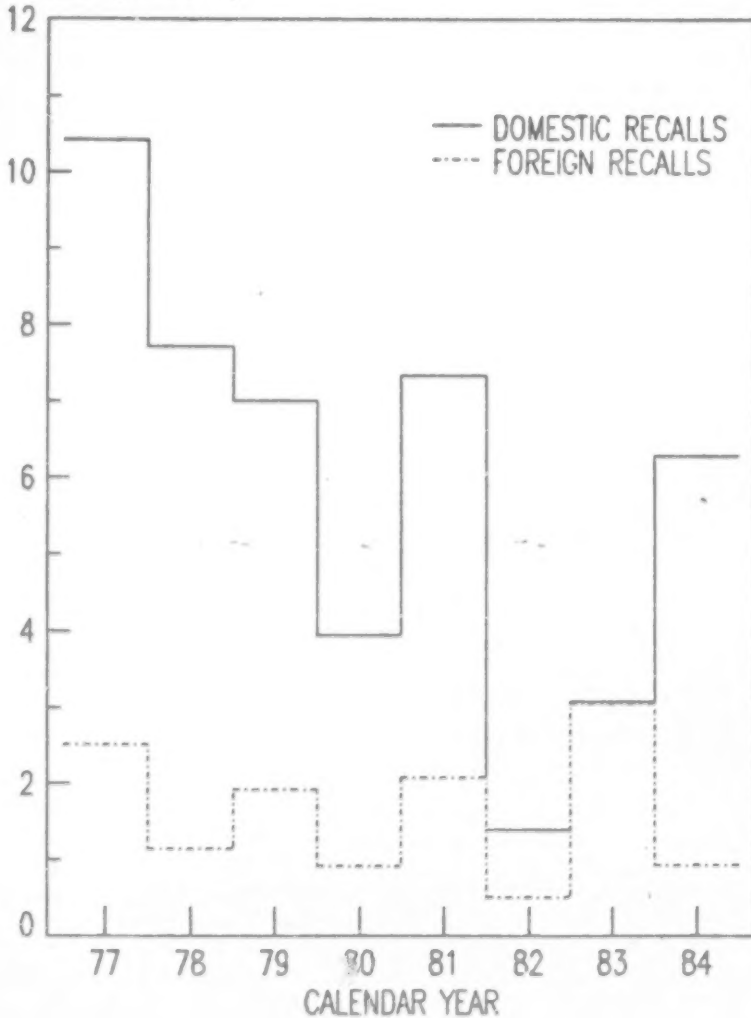
VEHICLE RECALL CAMPAIGNS

RECALLS (#)



NUMBER OF RECALLED VEHICLES

VEHICLES (MILLIONS)



SENATOR ANDREWS: Does NHTSA believe that market shares is a good indicator of where funds should be allocated? If so, why? If not, why not?

ANSWER: Funds used to support defect investigations should be allocated in accordance with the current investigative workload which in turn results from complaints received about potential safety-related defects rather than market share.

Market share is considered to be a meaningful indicator, along with the other factors previously indicated (\$53), of where funds should be allocated for compliance testing of automobiles to the requirements of the Federal Motor Vehicle Safety Standards. The use of market share assures that compliance testing is centered on those vehicles which, due to their sizeable presence in the vehicle population at large, would have the greatest impact on safety should a noncompliance be determined to exist.

SENATOR ANDREWS: In requesting fiscal year 1986 funds for the 208 occupant protection program, the Department proposes using \$10 million of Section 209 contract authority funds. Will the requested report on safety information and education pilot projects provide guidance to the Committee on the efficiency of transferring those funds?

ANSWER: The requested report on the status of the Section 209 program was transmitted to Congress on March 20, 1985. That report did not address the proposed transfer of the \$10 million Section 209 contract authority funds to the national occupant protection program.

The FY 1986 budget proposes to transfer \$10 million authorized for the national campaign phase of the Section 209 program to our occupant restraint program. Safety is the Department's highest priority, and the single most important step to reduce transportation deaths and injuries is to increase usage of occupant protection. Like the 209 program, the occupant protection program has the objective of increasing public awareness and reducing traffic accidents, injuries and deaths. Because it will not be possible to ascertain the effectiveness of the pilot programs for approximately two years, and in light of the common lifesaving objectives of the 209 and the occupant protection program, the transfer was proposed. However, the Department understands your concern about the availability of funds for the national Section 209 campaign when the demonstration projects are completed. Therefore, once the evaluations are complete and if the effectiveness of the program has been demonstrated, the Department would support alternative funding for the Section 209 campaign.

BUDGET CHANGES - PERSONNEL

SENATOR ANDREWS: Why the increase of personnel in Mission Support for Rulemaking from 14 positions to 19 positions?

ANSWER: As a result of a reassessment of the support activities provided by the Office of Plans and Programs, the Associate Administrator for P&P deemed it appropriate to increase by five her staffing support allocation to Rulemaking Program activities. These positions were previously allocated to Research and Analysis (three positions) and Traffic Safety Programs (two positions). This is an internal accounting adjustment rather than an increase in positions.

SENATOR ANDREWS: Why the decrease of three positions in Mission Support for Research and Analysis?

ANSWER: As a result of a reassessment of the support activities provided by the Office of Plans and Programs, the Associate Administrator for P&P deemed it appropriate to decrease by three her staffing support allocation to Research and Analysis activities. These positions were reallocated to Rulemaking Program activities. This is an internal accounting adjustment rather than a decrease in positions.

SENATOR ANDREWS: Why the shift of direct program personnel in Highway Safety from the "403" R & D program to the "402" Safety Grant Program and the decrease of 2 positions in Mission Support for the "403" program?

ANSWER: The shift of direct program personnel in Highway Safety from the "403" R & D program to the "402" Safety Grant Program is directly related to the projected increase in workload associated with the Agency's new responsibilities imposed by Public Law 98-363. This legislation increased the authorization of the "402" program from \$100 million, in FY 1984, to \$126.5 million, in FY 1985, and \$132 million, in FY 1986. Also, it incorporated requirements for State computerized safety recordkeeping systems and child restraint programs.

The decrease of 2 positions in Mission Support for the "403" program resulted from a reassessment of support activities provided by the office of Plans and Programs. These support positions were subsequently shifted to Rulemaking Program activities. This is an internal accounting adjustment rather than a decrease in positions.

SENATOR ANDREWS: When will the position reductions associated with A-76 procedures be identified for Committee consideration?

ANSWER: We have projected a reduction of 10 FTE associated with management efficiency studies. We are currently identifying the subject areas and will inform you when we have finalized our plans.

RULEMAKING PROGRAMS

SENATOR ANDREWS: Last year the committee agreed that NHTSA should take a more active role in harmonizing international safety standards. The same amount of funding is requested for FY 1986 as provided in FY 1985. Does NHTSA believe this is a permanent function? Is it estimated that the amount of funding required for this activity will increase or decrease in the future?

ANSWER: Yes, this is a permanent function because the need to harmonize U.S. safety standards with those of other countries is a continuing need. The amount of funds needed to carry out the activity is likely to stay at about the same level in the future.

SENATOR ANDREWS: To what degree is NHTSA funding in this area augmented by private activity? Please elaborate.

ANSWER: The private sector activity in this area is substantial. Vehicle manufacturers and industry groups maintain continuing activities comparable to those of NHTSA. They recommend to NHTSA particular topic areas where they see strong needs for harmonization. When NHTSA's independent research and rulemaking actions identify new test procedures or test results, the private sector organizations often run their own corroborative tests. In

addition, NHTSA is aware of the interests of private sector organizations in formulating the U.S. position in regard to various agenda items at meetings of international safety standards organizations where much of the substantive work of harmonization takes place.

ENFORCEMENT PROGRAMS

SENATOR ANDREWS: How was NHTSA able to achieve a ten percent reduction in operating expenses for Enforcement Programs? Please elaborate.

ANSWER: As part of a government-wide effort to reduce Federal spending, an overall ten percent reduction was made in the operating expenses of Enforcement as well as all other NHTSA budget activities. We expect to achieve this reduction by applying very stringent administrative controls to both the volume and cost of printing and reproduction services. In addition, reductions will be achieved in the areas of supplies, materials, equipment, payments for communications, regional office rents, and Working Capital Fund reimbursements.

SAFETY PROGRAMS

SENATOR ANDREWS: In the Alcohol Technology Development and Transfer area, how much of the requested funds will be used for outside contracts?

ANSWER: All of the requested funds will be used for outside contracts. Approximately ninety percent of the funds will be awarded through the competitive contractual process and ten percent will be used to support ongoing program activities at the Transportation Safety Institute.

SENATOR ANDREWS: In the countermeasure improvement and support programs specifically, emergency medical services, what is the percentage that would be directed at urban systems versus rural systems?

ANSWER: The Department recognizes that, for the most part, structures for prehospital delivery of services exist in both rural and urban communities, but that if we are to improve outcomes of highway accident trauma patients, what is needed is an integration of prehospital and hospital resources, a sharing of resources between urban and surrounding rural communities, and statewide planning and implementation. Therefore, making a distinction on expenditures for urban and rural communities is no longer applicable.

For example, the Trauma System Development Project is concerned with the development of technical assistance to aid States in the designation of trauma centers and the integration of prehospital emergency medical services with these centers to provide a systems approach to trauma management. While it can be anticipated that trauma centers are likely to be in urban centers, the systems approach to trauma management would improve trauma care to both the urban and rural sectors.

Similarly, the EMS Training Maintenance Project is concerned with the development of interactive computer training modules to maintain prehospital skills in the care of trauma patients. These training materials would be made available to, and used by rescue squads both in urban and rural areas.

The remaining projects listed for EMS are all concerned with improvements in the delivery of emergency medical Services without regard to an urban/rural distinction.

SENATOR ANDREWS: How were the savings achieved in the National Driver Register (NDR) request? Please elaborate.

ANSWER: Though the National Driver Register is requesting \$373,000 less in fiscal year 1986 than the year prior, this does not represent an actual savings from the previous year.

Included in the National Driver Register's requests for fiscal years 1984-85 was the bulk of the funding for the new online system (\$1,915,000). The balance of the \$2,000,000 authorized in the statute for this new system consists of \$85,000, which is included in the fiscal year 1986 request.

HIGHWAY TRAFFIC SAFETY GRANTS - JUSTIFICATIONS

SENATOR ANDREWS: In last year's budget justification NHTSA provided an estimate of the distribution of 402 obligation by major program areas. For the record provide for each program area actual obligations for fiscal years 1983 and 1984, and estimated obligation levels for fiscal years 1985 and 1986. Please explain the program areas and the percentages earmarked by legislation.

ANSWER: The following table provides the distribution of 402 obligations by major program areas:

(In thousands of dollars)

Program area	1983	1984	1985 1/	1986 1/
	Actual	Actual	Estimate	Estimate
Alcohol safety	\$29,353	\$38,717	\$42,100	\$42,100
Police traffic services	36,550	30,753	34,800	34,800
Emergency medical services	7,700	4,467	6,100	6,100
Occupant protection	5,000	8,825	17,300	17,300
Traffic records	8,000	6,257	13,700	13,700
All other	3,500	5,991	7,600	7,300
Grant administration	4,897	4,990	4,900	5,200
TOTAL	\$95,000	\$100,000	\$126,500	\$126,500

1/ Although the tables reflects an estimated distribution of obligations by program category, it in no way proposes a limitation on obligations by such categories. The actual distribution of obligations is determined by the States.

Explanation of Program Areas

Alcohol safety - Provides funds to support State and local efforts to implement comprehensive community based drunk driving programs and to improve countermeasure effectiveness and efficiency within such programs.

Police traffic services - These funds provide accident investigation and reporting by police, enforcement of 55MPH maximum speed limit, selective enforcement of other safety related traffic laws at high accident locations, support and acceptance by police, prosecutors, and judges of evidentiary devices used in speed measuring, associated State and local public information and promotional campaigns, media materials,

and adoption and implementation of the Nonresident Violator Compact.

Emergency medical services - Provides for continued EMS system component development on both the State and community level and covers training for first responders, Emergency Medical Technicians (EMTs - all levels), communications, vehicles, medical equipment, administration, and evaluation along with medical direction and registration of EMTs. The program assures the application of proven life saving, life sustaining and disability reducing practices at accident scenes.

ALCOHOL SAFETY GRANTS - SECTION 408

SENATOR ANDREWS: For the record detail the total amount of funds provided for Section 408 grants. The amount obligated each year (actual and estimated) and the amount of funds remaining after fiscal year 1986 for this program.

ANSWER: Section 408 grant authorizations, like Section 402, are available in the year for which authorized and three additional fiscal years. Therefore, FY 1985 authorization is available until FY 1988. The following table provides details concerning the status of the Section 408 grant program:

Authorizations	Thousands
FY 1983	\$25,000
FY 1984	50,000
FY 1985	<u>50,000</u>
Total, S. 408 authorization \$125,000	
Obligations	
FY 1984 (actual)	5,160
FY 1985 (estimate)	24,800
FY 1986 (estimate)	<u>28,800</u>
Total, Obligations(estimate)\$58,760	
Unobligated balance of authorization(estimate)	\$66,240

FATALITY RATES

SENATOR ANDREWS: Please update the chart provided in Senate hearing 98-1,034, part 1, page 242 on traffic fatalities and fatality rates.

ANSWER: The following charts update the data on traffic fatalities and fatality rates.

Fatality Rates

	<u>Fatalities</u>	<u>Vehicle Miles of Travel (billion)</u>	<u>Fatalities Per 100 Million Vehicle Miles</u>
1980	51,091	1,528	3.34
1981	49,301	1,556	3.17
1982	43,945	1,592	2.76
1983	42,589	1,649	2.58
1984	43,918*	1,727*	2.54*

*Estimated

Estimated Changes

	<u>Fatalities</u>	<u>Vehicle Miles of Travel (billion)</u>	<u>Fatalities Per 100 Million Vehicle Miles</u>
1980-1984	-14%	+13%	-24%
1981-1984	-11%	+11%	-20%
1982-1984	0	+ 8%	- 8%
1983-1984	+ 3%	+ 5%	- 2%

FY 1984 SPEED MONITORING DATA SUMMARIES

Tabulations are provided for some of the various data items which are included either in the certifications or in the annual speed summary.

Attachment (1)--The percent exceeding 55 mph, highway mileage subject to speed monitoring, and the number of citations for exceeding 55 mph, for each State as reported in the FY 1984 certifications.

Attachment (2)--The unadjusted percent exceeding 55 mph by State by functional grouping.

Attachment (3-9)--Self-explanatory.

The following abbreviations are used in the column headings for attachments (2) through (9).

I--Interstate

OF&E--Other Freeways and Expressways

ART--Arterials--both principal and minor

COLL--Collectors

Speed data collection continues to be automated during FY 1984, with all speed data being collected by non-radar unattended recording equipment.

In addition to the attached tabulations, the following figures also describe speed data collection during FY 1984.

NATIONWIDE:

Total Number of Speeds Recorded: 55,114,235

SPEED MONITORING LOCATIONS:

Total Nationwide: 1,846

Range: 9 (Delaware) TO 112 (California)

Average: 36 per State

Median Number: 34

Mode: 34 (11 States)

SPEED MONITORING SESSIONS:

Total Nationwide: 4,150

Range: 18 (Delaware) to 252 (Illinois)

Average: 81 Per State

Comparing statewide percent exceeding 55 mph figures for FY 1984 with FY 1983 shows the following:

FY 1984 vs FY 1983 Statewide Percent Exceeding 55 mph

50 States and Puerto Rico Reporting:

34 Increases--Range: +0.2 to +15.7 Percentage Points
Average: +4.7 Points

17 Decreases--Range: - 0.1 to -7.4 Percentage Points
Average: -3.1 Points

The combined average change was +2.1 percentage points.

The trend in speeds for FY 1984 was up. Statewide average figures for all 6 speed statistics reported, increased in FY 1984 over FY 1983.

<u>NATIONAL AVERAGE STATEWIDE FIGURES FOR</u>	<u>FY 1984</u>	<u>FY 1983</u>	<u>Change</u>
Unadjusted Percent Exceeding 55 mph	56.2	54.1	+2.1
Average Speed (mph)	55.9	55.7	+0.2
Median Speed (mph)	56.0	55.7	+0.3
85th Percentile Speed (mph)	67.7	62.4	+0.3
Percent Exceeding 60 mph	27.0	25.4	+1.6
Percent Exceeding 65 mph	9.2	8.5	+0.7
<u>Adjusted</u> Percent Exceeding 55 mph	42.0	39.8	+2.2

Focusing further on the percent exceeding 55 mph shows that the national average 55 mph noncompliance figure increased in 5 of the 6 functional categories monitored in FY 1984 from FY 1983. Only Rural Major Collectors, essentially the Federal-aid Secondary system, registered a small decrease. But even in this instance, the 36.2 figure was still 1.4 points higher than the FY 1982 figure of 34.8 percent.

NATIONAL AVERAGE PERCENT EXCEEDING 55 MPH

<u>FUNCTIONAL GROUPING</u>	<u>FY 1984</u>	<u>FY 1983</u>	<u>Change</u>
Urban Interstate	63.3	60.5	+2.8
Urban other Freeways and Expressways	59.0	56.6	+2.4
Urban other Arterials	37.1	34.3	+2.8
Rural Interstate	75.3	73.6	+1.7
Rural other Arterials	49.5	47.5	+2.0
Rural Major Collectors	36.2	36.6	-0.4

A review of Attachment 2 shows that in compiling a national average unadjusted percent exceeding 55 mph figure of 56.2, 39 States reported values greater than 50 percent, 14 States reported over 60 percent and 2 States over 70 percent exceeding 55 mph.

The perception many people have of how fast other vehicles are traveling is often made under rural freeway driving conditions, i.e., on rural Interstate highways. Again reviewing Attachment 2, we find that in compiling a national average figure of 75.3 percent exceeding 55 mph, for rural Interstate, only 1 State (New Jersey at 34.3) was under 50 percent, and only 2 States (Virginia the other at 59.9) were under 60 percent. Of the remaining 46 States reporting, 12 were between 60 and 70 percent, 17 States between 70 and 80, and 17 States over 80 percent exceeding 55 mph on rural Interstates highways.

During FY 1984 8,067,104, citations were issued for exceeding 55 mph. This was approximately .2 percent or 16,300 fewer than in FY 1983. The 8,067,104 figure represents the lowest number of 55 mph violation citations issued since FY 1977.

SPEED LIMIT

SENATOR ANDREWS: Please provide for the record a summary on the latest information with respect to the various State's compliance with the 55 mph speed limit.

ANSWER: A detailed summary of 55 mph speed compliance data is attached.

The summary includes a general comparison of speed compliance data for FY 1983 and FY 1984 which shows a continuation of the gradual increase in speed levels. It also furnishes a listing for individual States showing the FY 1984 certification data, the unadjusted speed data for traffic exceeding 55 mph, 60 mph, and 65 mph, as well as the 85th percentile speeds. A breakdown of speed information is presented by highway classification and the roadway mileage in each State subject to speed monitoring for FY 1984 is given.

It is of note that three States, Arizona, Maryland, and Vermont, have submitted speed certification data reflecting they are in noncompliance with the Federal statute. Arizona reported 56.3 percent, Maryland 55.9 percent, and Vermont 51.8 percent exceeding the 55 mph speed limit.

ATTACHMENT #1

STATE	FY 84 SPEED LIMIT ENFORCEMENT CERTIFICATION DATA*		
	PERCENT EXCEEDING 55 MPH	HIGHWAY MILEAGE SUBJECT TO SPEED MONITORING	CITATIONS ISSUED FOR 55 MPH VIOLATIONS
ALABAMA	42.3	16,581.5	117,762
ALASKA	35.1	1,755.9	12,277
ARIZONA	56.3	5,610.6	163,941
ARKANSAS	39.2	14,407.0	73,437
CALIFORNIA	45.4	24,670.0	1,068,431
COLORADO	42.5	6,209.0	84,440
CONNECTICUT	48.1	480.3	59,729
DELAWARE	41.4	183.1	21,448
DIST OF COL			
FLORIDA	46.2	11,925.0	333,427
GEORGIA	31.6	27,374.0	231,604
HAWAII	34.4	280.3	7,137
IDAHO	35.0	4,331.5	36,011
ILLINOIS	33.5	14,214.0	219,239
INDIANA	46.6	10,926.0	90,836
IOWA	37.8	22,273.0	140,429
KANSAS	42.4	19,037.0	176,041
KENTUCKY	33.0	13,616.0	89,649
LOUISIANA	46.6	9,929.0	152,550
MAINE	49.8	1,162.7	19,571
MARYLAND	55.9	900.8	153,247
MASSACHUSETTS	45.7	921.2	198,598
MICHIGAN	49.7	23,750.0	181,555
MINNESOTA	34.6	24,452.0	105,755
MISSISSIPPI	46.0	17,163.0	184,659
MISSOURI	44.5	24,943.6	205,564
MONTANA	45.4	9,727.0	86,768
NEBRASKA	47.9	11,962.0	99,183
NEVADA	49.2	4,321.9	59,321
NEW HAMPSHIRE	41.7	668.2	26,745
NEW JERSEY	39.7	933.0	136,054
NEW MEXICO	45.2	7,009.0	94,921
NEW YORK	42.3	14,329.0	257,567
NORTH CAROLINA	36.2	14,790.0	232,214
NORTH DAKOTA	48.2	10,112.0	61,802
OHIO	41.6	18,518.9	411,417
OKLAHOMA	44.2	12,197.0	128,458
OREGON	45.6	13,467.0	102,940
PENNSYLVANIA	32.6	10,684.0	208,290
PUERTO RICO	49.5 (39.0**)	143.9	40,184
RHODE ISLAND	45.0	81.2	27,065
SOUTH CAROLINA	31.4	12,256.0	198,457
SOUTH DAKOTA	43.1	13,528.0	34,349
TENNESSEE	40.7	14,324.0	151,656
TEXAS	45.6	53,807.0	921,196
UTAH	40.6	3,963.0	100,614
VERMONT	51.8	371.1	26,869
VIRGINIA	30.0	14,786.0	214,895
WASHINGTON	39.6	4,840.0	123,540
WEST VIRGINIA	25.5	7,465.8	43,839
WISCONSIN	39.2	19,296.0	91,171
WYOMING	47.2	5,612.5	60,252
NATIONAL	AVERAGE: 42.0	TOTAL: 576,290.0	TOTAL: 8,067,104
FOOTNOTES * As Reported by the States in the Certification of Speed Limit Enforcement Submitted for the Period October 1, 1983 to September 30, 1984. **Puerto Rico only reported a nonadjusted figure of 49.5. The 39.0 in parenthesis is an adjusted figure calculated by HTO-33 (simplified method) for comparative purposes only.			
DATE MARCH 1985	COMPILED BY T.E. Klimek HTO-33		CHECKED BY

ATTACHMENT #2

FY 84: PERCENT EXCEEDING 55 MPH - UNADJUSTED

STATE	URBAN			RURAL			STATEWIDE VALUE
	I	OF&E	OTHER ART.	I	OTHER ART.	MAJOR COLL.	
ALABAMA	67.7	N.M.	38.1	89.0	50.8	42.9	57.0
ALASKA	N.M.	N.M.	47.4	N.M.	53.8	21.8	49.6
ARIZONA	65.8	N.M.	N.M.	81.1	72.3	42.5	72.8
ARKANSAS	59.7	79.0	N.M.	83.2	38.6	35.9	49.9
CALIFORNIA	61.8	60.3	27.8	78.1	56.6	54.5	59.3
COLORADO	53.1	72.8	N.M.	67.0	53.2	39.9	57.3
CONNECTICUT	59.8	52.0	N.M.	72.6	72.2	N.M.	61.3
DELAWARE	70.2	N.M.	N.M.	N.M.	60.7	N.M.	64.8
DIST. OF COL.							
FLORIDA	58.5	N.M.	43.3	89.5	57.1	41.0	59.4
GEORGIA	54.4	68.7	37.5	67.9	29.1	23.9	42.5
HAWAII	57.0	N.M.	N.M.	61.0	32.3	35.0	45.7
IDaho	43.5	N.M.	N.M.	67.4	50.2	29.5	52.2
ILLINOIS	52.5	68.3	28.7	65.8	35.5	38.0	47.5
INDIANA	76.1	79.8	28.3	89.1	47.5	32.5	59.2
IOWA	50.1	N.M.	N.M.	69.0	54.5	51.1	56.3
KANSAS	59.9	71.0	36.7	79.5	43.5	37.1	52.0
KENTUCKY	59.8	N.M.	15.9	70.6	39.8	26.6	45.2
LOUISIANA	75.9	N.M.	37.6	80.3	51.0	39.0	55.4
MAINE	64.6	74.5	N.M.	82.9	44.0	37.1	64.4
MARYLAND	78.4	58.1	31.0	87.1	68.4	N.M.	73.0
MASSACHUSETTS	64.1	52.4	59.7	69.5	50.9	N.M.	61.1
MICHIGAN	72.9	76.6	63.2	89.8	69.6	41.8	67.4
MINNESOTA	58.2	55.7	59.1	75.3	46.8	21.6	50.5
MISSISSIPPI	74.4	N.M.	N.M.	76.5	54.3	34.2	54.6
MISSOURI	58.5	58.9	N.M.	84.4	53.7	42.8	58.6
MONTANA	63.9	N.M.	N.M.	69.4	54.5	42.2	59.2
NEBRASKA	64.1	N.M.	N.M.	82.9	64.3	55.2	67.6
NEVADA	57.9	48.5	35.4	81.7	60.2	38.4	63.2
NEW HAMPSHIRE	59.0	73.8	32.4	70.5	37.8	30.5	56.3
NEW JERSEY	52.2	46.0	49.1	34.3	53.6	N.M.	48.8
NEW MEXICO	63.9	N.M.	20.1	84.3	37.3	60.8	59.2
NEW YORK	75.9	68.4	39.1	85.6	31.9	32.9	55.5
NORTH CAROLINA	69.1	51.1	N.M.	76.7	51.6	38.5	53.2
NORTH DAKOTA	58.8	N.M.	N.M.	74.6	64.4	62.3	66.3
OHIO	68.4	50.9	54.8	72.9	56.0	21.6	56.8
OKLAHOMA	66.6	52.6	N.M.	72.8	51.7	47.9	56.3
OREGON	80.7	45.6	27.2	25.8	53.0	25.5	59.0
PENNSYLVANIA	56.0	51.9	18.1	73.1	35.7	24.5	46.0
PUERTO RICO	N.M.	43.0	N.M.	N.M.	51.9	N.M.	49.5
RHODE ISLAND	59.9	50.4	N.M.	68.6	N.M.	N.M.	60.4
SOUTH CAROLINA	66.0	N.M.	18.2	77.4	40.8	17.6	45.7
SOUTH DAKOTA	79.7	N.M.	19.0	68.2	50.2	21.7	50.4
TENNESSEE	64.2	N.M.	48.5	82.3	47.1	10.0	53.2
TEXAS	67.9	55.9	29.0	85.7	62.3	41.7	61.3
UTAH	72.7	51.3	35.6	61.2	34.2	64.7	56.0
VERMONT	52.6	N.M.	N.M.	74.5	50.8	N.M.	68.6
VIRGINIA	60.3	42.8	50.6	59.9	40.4	12.9	43.4
WASHINGTON	70.0	57.7	N.M.	77.2	27.0	52.9	57.5
WEST VIRGINIA	41.1	N.M.	43.3	69.5	25.5	24.5	38.5
WISCONSIN	75.1	52.8	N.M.	73.4	52.9	39.6	55.6
WYOMING	59.9	N.M.	N.M.	74.5	56.3	21.2	60.6
AVERAGE	63.3	59.0	37.1	75.3	49.5	36.2	56.2

FOOTNOTES

N.M. - No Speed Monitoring Required.

DATE March 1985

COMPILED BY T. E. Klimek

HTO-33

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ATTACHMENT #3

FY 84: STANDARD ERROR OF THE PERCENT EXCEEDING 55 MPH								
STATE	URBAN			RURAL			STATEWIDE	
	I	OF&E	OTHER ART.	I	OTHER ART.	MAJOR COLL.	S(pst)*	d*
ALABAMA							3.6	6.1
ALASKA	N.M.	N.M.	0	N.M.	1.94	14.5	2.12	3.6
ARIZONA	3.37	N.M.	N.M.	2.67	4.45	11.55	2.13	3.6
ARKANSAS							2.5	4.2
CALIFORNIA							2.39	3.08
COLORADO							3.6	6.12
CONNECTICUT							2.59	4.4
DELAWARE	8.7	N.M.	N.M.	N.M.	9.4	N.M.	6.54	11.99
DIST OF COL								
FLORIDA	11.58	N.M.	3.87	3.72	2.57	3.29	2.55	4.34
GEORGIA	3.85	4.76	6.16	6.05	5.61	3.38	2.48	4.19
HAWAII							2.26	4.0
IDAH0							4.19	7.09
ILLINOIS	4.00	2.03	11.25	3.64	5.33	4.10	2.36	3.94
INDIANA	1.70	8.27	1.81	1.66	5.16	7.06	2.09	3.53
IOWA	0.68	N.M.	N.M.	8.63	5.74	4.12	3.553	6.01
KANSAS							3.51	5.92
KENTUCKY	11.45	N.M.	5.11	6.57	5.36	4.52	2.96	5.01
LOUISIANA	2.67	N.M.	7.82	2.73	5.30	6.09	2.71	4.59
MAINE								
MARYLAND	3.02	7.66	3.37	1.28	4.53	N.M.	1.92	3.3
MASSACHUSETTS								
MICHIGAN							5.21	8.76
MINNESOTA								
MISSISSIPPI	0.464	N.M.	N.M.	3.716	2.200	5.631	1.983	3.355
MISSOURI							2.85	4.828
MONTANA	11.29	N.M.	N.M.	5.52	2.84	15.50	3.00	5.07
NEBRASKA								
NEVADA	1.28	5.69	8.38	3.23	3.24	5.66	1.7	2.8
NEW HAMPSHIRE								
NEW JERSEY								
NEW MEXICO	9.2	N.M.	0.7	3.3	10.1	11.3	4.3	7.3
NEW YORK	3.26	5.70	6.55	2.09	5.93	3.07	2.19	3.67
NORTH CAROLINA							2.083	3.52
NORTH DAKOTA	0.22	N.M.	N.M.	3.25	1.72	2.49	1.31	2.22
OHIO	2.15	8.71	20.26	3.19	4.53	6.27	2.285	3.83
OKLAHOMA							2.08	3.52
OREGON								
PENNSYLVANIA	12.66	11.48	8.46	4.34	6.63	6.83	3.50	5.90
PUERTO RICO								
RHODE ISLAND								
SOUTH CAROLINA							3.9	6.6
SOUTH DAKOTA	7.52	N.M.	1.07	5.31	3.39	10.59	2.94	4.95
TENNESSEE							1.98	3.36
TEXAS							1.56	2.60
UTAH	5.90	7.85	8.75	9.04	6.80	8.50	7.96	13.44
VERMONT	0	N.M.	N.M.	1.92	16.6	N.M.	2.16	3.7
VIRGINIA							4.01	6.77
WASHINGTON	5.478	5.519	N.M.	5.375	6.340	8.281	3.105	5.257
WEST VIRGINIA	2.21	N.M.	3.58	6.50	5.96	10.62	3.57	6.059
WISCONSIN							4.52	7.65
WYOMING								
MEDIAN VALUE	3.61	6.68	6.16	3.68	5.23	6.27	2.59	4.40

FOOTNOTES

N.M. - No Speed Monitoring Required.

*: S(pst) - Standard Error of the Statewide Percent Exceeding 55 MPH Estimate.

d - Actual Achieved Precision.

DATE MARCH 1985

COMPILED BY E. Klimek HT0-33

CHECKED BY

ATTACHMENT #4

FY 84: AVERAGE SPEED (MPH)							
STATE	URBAN			RURAL			STATEWIDE VALUE
	I	OF&E	OTHER ART.	I	OTHER ART.	MAJOR COLL.	
ALABAMA	58.0	N.M.	53.0	62.3	55.0	53.8	56.3
ALASKA	N.M.	N.M.	54.6	N.M.	55.4	49.4	54.4
ARIZONA	56.2	N.M.	N.M.	59.4	57.6	54.4	57.9
ARKANSAS	57.8	59.2	N.M.	61.2	52.8	54.1	55.4
CALIFORNIA	56.2	56.0	52.6	60.0	58.7	56.6	56.7
COLORADO	56.5	58.8	N.M.	58.5	57.0	54.9	57.3
CONNECTICUT	56.7	55.2	N.M.	59.1	59.4	N.M.	57.1
DELAWARE	58.1	N.M.	N.M.	N.M.	57.1	N.M.	57.5
DIST OF COL							
FLORIDA	56.8	N.M.	54.4	62.8	56.5	54.3	57.1
GEORGIA	55.7	58.4	52.3	58.2	51.5	50.5	53.7
HAWAII	56.8	N.M.	N.M.	56.8	52.4	53.1	54.7
IDAHO	54.7	N.M.	N.M.	58.0	51.5	50.2	53.8
ILLINOIS	54.9	58.3	51.1	57.8	52.6	53.3	54.2
INDIANA	59.0	60.9	51.5	62.8	54.9	49.5	56.5
IOWA	54.8	N.M.	N.M.	57.6	55.3	55.0	55.9
KANSAS	57.4	58.5	53.3	59.1	54.3	51.7	55.3
KENTUCKY	54.9	N.M.	47.7	59.0	53.2	48.5	53.4
LOUISIANA	59.7	N.M.	53.1	60.0	54.9	52.5	55.6
MAINE	57.6	58.8	N.M.	60.7	54.3	53.3	57.6
MARYLAND	59.7	56.0	51.8	61.4	57.6	N.M.	58.7
MASSACHUSETTS	57.3	56.5	56.5	57.3	55.1	N.M.	56.4
MICHIGAN	60.9	59.1	56.7	62.9	52.5	53.9	56.9
MINNESOTA	55.2	55.7	55.8	58.5	53.4	46.8	53.7
MISSISSIPPI	59.3	N.M.	N.M.	59.9	55.9	52.2	55.9
MISSOURI	56.9	57.1	N.M.	61.4	56.3	52.9	56.8
MONTANA	57.5	N.M.	N.M.	60.0	55.6	50.0	56.8
NEBRASKA	55.8	N.M.	N.M.	59.5	55.0	55.2	56.2
NEVADA	56.5	55.4	53.7	60.3	57.1	54.1	57.5
NEW HAMPSHIRE	56.8	59.4	52.3	58.7	53.9	52.8	56.6
NEW JERSEY	54.9	53.7	54.5	52.6	55.1	N.M.	54.3
NEW MEXICO	58.6	N.M.	48.7	63.2	51.0	58.1	57.0
NEW YORK	58.0	58.0	53.2	61.4	51.6	51.9	55.8
NORTH CAROLINA	57.5	55.1	N.M.	58.8	55.1	53.0	55.3
NORTH DAKOTA	55.7	N.M.	N.M.	58.2	56.6	56.3	56.9
OHIO	57.0	55.9	55.6	58.1	55.8	52.5	56.0
OKLAHOMA	57.7	56.0	N.M.	59.5	55.7	55.2	56.5
OREGON	60.2	53.8	51.3	61.0	55.4	50.1	56.3
PENNSYLVANIA	56.2	55.7	48.6	58.9	52.9	50.4	54.4
PUERTO RICO	N.M.	55.6	N.M.	N.M.	57.5	N.M.	57.0
RHODE ISLAND	57.1	55.8	N.M.	58.3	N.M.	N.M.	57.2
SOUTH CAROLINA	55.8	N.M.	49.4	58.7	55.6	48.2	54.4
SOUTH DAKOTA	62.9	N.M.	51.4	60.8	57.3	51.9	57.4
TENNESSEE	58.8	N.M.	54.9	61.2	54.1	44.5	55.2
TEXAS	57.3	57.6	52.0	59.9	57.4	51.3	56.5
UTAH	57.8	53.2	49.9	53.9	51.7	57.8	54.5
VERMONT	55.7	N.M.	N.M.	58.9	55.5	N.M.	58.0
VIRGINIA	53.9	53.8	55.1	58.8	49.8	49.5	52.7
WASHINGTON	57.8	56.1	N.M.	58.7	52.0	55.3	56.1
WEST VIRGINIA	54.0	N.M.	53.7	59.9	51.1	44.2	52.4
WISCONSIN	60.2	55.1	N.M.	59.1	55.8	52.6	56.1
WYOMING	56.7	N.M.	N.M.	59.5	55.9	50.1	56.9
AVERAGE	57.2	56.6	52.7	59.4	54.8	52.2	55.9

FOOTNOTES

N.M. - No Speed Monitoring Required.

DATE
March 1985COMPILED BY
T.E. Klimek HTQ-33

CHECKED BY

ATTACHMENT #6

FY 84 85th PERCENTILE SPEED (MPH)							
STATE	URBAN			RURAL			STATEWIDE VALUE
	I	OF&E	OTHER ART.	I	OTHER ART.	MAJOR COLL.	
ALABAMA	61.0	N.M.	59.4	68.3	61.5	60.6	62.3
ALASKA	N.M.	N.M.	60.0	N.M.	61.7	56.4	60.6
ARIZONA	62.6	N.M.	N.M.	65.1	63.8	61.3	64.0
ARKANSAS	64.8	64.8	N.M.	68.2	60.2	63.3	63.1
CALIFORNIA	64.9	63.8	59.7	66.3	65.9	63.8	64.5
COLORADO	61.5	63.6	N.M.	63.9	62.6	59.8	62.6
CONNECTICUT	63.9	61.6	N.M.	66.0	66.2	N.M.	64.0
DELAWARE	63.7	N.M.	N.M.	N.M.	63.5	N.M.	63.6
DIST OF COL.							
FLORIDA	63.9	N.M.	59.9	68.2	63.2	61.6	63.5
GEORGIA	63.8	63.8	57.8	63.6	57.1	56.2	59.7
HAWAII	63.6	N.M.	N.M.	63.6	59.3	60.2	61.6
IDAHO	61.9	N.M.	N.M.	65.3	59.1	59.7	61.5
ILLINOIS	62.7	64.3	59.0	63.9	59.4	59.6	61.2
INDIANA	64.1	67.4	58.3	68.6	59.9	59.1	63.7
IOWA	59.6	N.M.	N.M.	63.6	60.4	62.0	61.3
KANSAS	64.3	64.4	59.5	64.5	60.3	61.1	61.8
KENTUCKY	63.6	N.M.	55.3	67.2	59.8	58.5	61.5
LOUISIANA	66.2	N.M.	59.7	65.8	61.4	60.3	62.4
MAINE	64.9	65.7	N.M.	67.4	62.1	60.6	64.8
MARYLAND	66.3	62.2	58.7	67.6	63.4	N.M.	65.0
MASSACHUSETTS	63.3	63.5	63.2	63.4	61.4	N.M.	62.4
MICHIGAN	68.2	65.2	63.8	69.7	59.6	60.4	63.8
MINNESOTA	60.6	60.9	59.5	62.6	59.9	56.6	60.0
MISSISSIPPI	63.5	N.M.	N.M.	64.9	60.8	58.0	61.0
MISSOURI	66.1	64.8	N.M.	68.5	64.8	62.4	65.3
MONTANA	65.0	N.M.	N.M.	67.0	64.1	59.8	64.8
NEBRASKA	60.5	N.M.	N.M.	63.5	60.0	61.6	61.1
NEVADA	63.0	62.7	60.2	68.5	64.8	61.2	65.1
NEW HAMPSHIRE	64.4	66.2	59.5	65.9	60.3	59.7	63.5
NEW JERSEY	60.7	60.2	60.5	58.3	60.8	N.M.	60.4
NEW MEXICO	66.7	N.M.	57.9	74.0	60.3	70.1	67.1
NEW YORK	64.5	64.8	60.2	67.4	59.0	59.4	62.5
NORTH CAROLINA	63.9	61.0	N.M.	64.8	61.8	60.4	62.0
NORTH DAKOTA	61.6	N.M.	N.M.	63.8	63.0	65.5	63.5
OHIO	64.5	61.9	63.0	64.5	61.8	61.1	63.1
OKLAHOMA	63.0	63.0	N.M.	65.0	63.0	63.0	63.3
OREGON	65.2	59.6	57.6	66.6	62.0	57.0	62.5
PENNSYLVANIA	64.9	63.0	57.2	66.8	60.6	58.8	62.3
PUERTO RICO	N.M.	61.5	N.M.	N.M.	62.0	N.M.	61.9
RHODE ISLAND	64.7	63.3	N.M.	65.1	N.M.	N.M.	64.6
SOUTH CAROLINA	61.2	N.M.	52.9	63.1	60.6	54.7	59.6
SOUTH DAKOTA	66.9	N.M.	56.0	65.9	62.0	56.9	62.2
TENNESSEE	64.7	N.M.	61.2	67.9	60.5	52.0	61.8
TEXAS	64.2	63.6	59.1	66.3	64.4	60.3	63.6
UTAH	63.1	60.5	57.5	61.8	57.6	65.7	61.0
VERMONT	62.1	N.M.	N.M.	65.2	62.7	N.M.	64.4
VIRGINIA	63.0	60.0	61.0	64.0	59.0	58.0	60.7
WASHINGTON	63.4	61.4	N.M.	64.2	58.4	63.1	61.9
WEST VIRGINIA	60.8	N.M.	61.5	66.4	60.0	53.8	60.7
WISCONSIN	66.7	61.4	N.M.	65.1	61.8	60.7	62.5
WYOMING	64.2	N.M.	N.M.	67.6	65.3	58.0	65.6
AVERAGE	63.7	63.0	59.3	65.7	61.5	60.1	62.7

FOOTNOTES

N.M. - No Speed Monitoring Required.

DATE: MARCH 1985

COMPILED BY: T.E. Klimek HTO-33

CHECKED BY:

ATTACHMENT #7

FY 84: PERCENT EXCEEDING 60 MPH

STATE	URBAN			RURAL			STATEWIDE VALUE
	I	OF&E	OTHER ART.	I	OTHER ART.	MAJOR COLL.	
ALABAMA	33.9	N.M.	12.3	61.7	19.2	16.5	27.6
ALASKA	N.M.	N.M.	18.0	N.M.	22.5	9.5	20.5
ARIZONA	31.8	N.M.	N.M.	49.2	37.0	17.1	39.8
ARKANSAS	36.7	40.8	N.M.	55.5	15.2	23.3	28.0
CALIFORNIA	31.2	26.4	9.5	50.0	41.1	24.8	31.5
COLORADO	22.2	34.1	N.M.	36.5	25.9	14.1	27.7
CONNECTICUT	31.6	19.7	N.M.	43.1	43.5	N.M.	32.1
DELAWARE	32.8	N.M.	N.M.	N.M.	22.4	N.M.	26.8
DIST OF COL							
FLORIDA	31.3	N.M.	14.4	69.8	28.5	18.6	33.1
GEORGIA	31.8	35.3	15.1	35.0	11.5	9.0	20.6
HAWAII	26.2	N.M.	N.M.	49.7	12.2	14.0	23.2
IDAH0	17.3	N.M.	N.M.	35.8	6.3	10.1	17.8
ILLINOIS	22.9	31.8	11.4	30.7	11.8	12.7	19.6
INDIANA	36.5	52.7	7.9	60.1	14.4	11.4	28.9
IOWA	12.0	N.M.	N.M.	29.5	15.9	20.3	19.2
KANSAS	30.1	36.8	7.6	36.2	12.0	14.5	19.9
KENTUCKY	28.8	N.M.	3.3	39.6	14.2	9.9	20.7
LOUISIANA	45.7	N.M.	12.2	44.9	18.7	16.4	26.2
MAINE	32.0	40.1	N.M.	50.9	17.7	13.0	35.2
MARYLAND	42.9	24.1	9.9	55.5	31.7	N.M.	38.8
MASSACHUSETTS	31.4	30.5	30.4	30.2	21.6	N.M.	30.3
MICHIGAN	56.1	40.2	27.4	68.7	8.6	11.4	32.0
MINNESOTA	17.1	21.1	18.0	31.9	18.5	7.4	18.6
MISSISSIPPI	44.7	N.M.	N.M.	50.9	24.8	15.0	28.7
MISSOURI	29.2	30.1	N.M.	51.7	24.1	22.2	30.3
MONTANA	30.2	N.M.	N.M.	46.9	23.8	12.5	31.6
NEBRASKA	21.1	N.M.	N.M.	43.9	23.1	26.4	28.3
NEVADA	22.2	20.3	11.4	56.2	30.0	15.5	35.1
NEW HAMPSHIRE	28.6	42.0	7.6	39.2	11.1	9.7	27.1
NEW JERSEY	20.4	16.6	17.9	9.9	21.5	N.M.	18.4
NEW MEXICO	40.7	N.M.	6.3	61.3	13.0	41.8	36.7
NEW YORK	41.2	39.3	15.5	58.3	10.6	12.8	29.2
NORTH CAROLINA	27.7	14.7	N.M.	35.2	17.3	11.9	19.2
NORTH DAKOTA	21.4	N.M.	N.M.	35.8	26.8	36.2	30.2
OHIO	32.7	20.2	25.2	35.5	19.7	15.4	26.4
OKLAHOMA	37.3	26.8	N.M.	47.7	29.0	24.6	32.1
OREGON	46.5	16.9	8.0	55.8	25.9	9.7	32.2
PENNSYLVANIA	29.1	21.2	4.8	39.6	13.0	7.6	21.0
PUERTO RICO	N.M.	24.2	N.M.	N.M.	29.9	N.M.	28.4
RHODE ISLAND	29.7	22.1	N.M.	33.5	N.M.	N.M.	29.6
SOUTH CAROLINA	20.9	N.M.	2.0	36.2	21.8	3.6	20.2
SOUTH DAKOTA	53.0	N.M.	5.0	40.0	22.0	13.0	26.0
TENNESSEE	38.2	N.M.	18.2	54.0	16.3	2.0	28.2
TEXAS	31.2	29.4	11.2	44.5	32.7	15.6	29.8
UTAH	32.4	20.5	13.7	25.9	11.4	39.2	24.1
VERMONT	19.9	N.M.	N.M.	40.2	21.7	N.M.	35.0
VIRGINIA	23.6	9.1	17.1	36.0	6.7	6.2	16.5
WASHINGTON	27.6	17.7	N.M.	33.3	6.3	22.8	21.6
WEST VIRGINIA	13.6	N.M.	16.1	42.7	10.7	2.7	16.6
WISCONSIN	41.8	18.5	N.M.	36.1	19.4	14.8	22.8
WYOMING	26.4	N.M.	N.M.	44.6	30.3	5.7	33.8
AVERAGE	30.9	27.4	13.0	43.7	20.3	15.4	27.0

FOOTNOTES

N.M. - No Speed Monitoring Required.

DATE March 1985

COMPILED BY T.E. Klinek

HTO-33

CHECKED BY

FY 84: PERCENT EXCEEDING 65 MPH							
STATE	URBAN			RURAL			STATEWIDE VALUE
	I	OF&E	OTHER ART.	I	OTHER ART.	MAJOR COLL.	
ALABAMA	10.6	N.M.	2.6	27.6	5.2	4.9	9.6
ALASKA	N.M.	N.M.	2.7	N.M.	4.4	3.3	4.0
ARIZONA	9.5	N.M.	N.M.	17.5	12.2	6.0	13.5
ARKANSAS	13.5	13.1	N.M.	24.7	4.7	10.4	11.3
CALIFORNIA	10.3	5.9	2.6	15.8	14.7	7.5	9.6
COLORADO	5.8	10.2	N.M.	13.8	9.8	4.2	9.6
CONNECTICUT	10.2	4.7	N.M.	17.4	17.8	N.M.	10.9
DELAWARE	8.7	N.M.	N.M.	N.M.	11.9	N.M.	10.5
DIST. OF COL.							
FLORIDA	10.5	N.M.	3.6	30.4	7.2	7.4	11.3
GEORGIA	13.8	12.0	6.1	11.3	3.3	2.6	7.1
HAWAII	8.6	N.M.	N.M.	6.4	3.8	6.5	6.1
IDAH0	4.8	N.M.	N.M.	11.8	1.4	2.7	5.4
ILLINOIS	7.7	12.1	3.3	10.5	3.4	4.1	6.2
INDIANA	10.1	22.9	1.5	26.7	3.1	3.7	10.3
IOWA	2.1	N.M.	N.M.	9.2	3.9	7.0	5.5
KANSAS	12.3	12.0	1.0	9.8	3.0	5.0	6.0
KENTUCKY	9.4	N.M.	0.6	19.3	4.4	3.1	8.3
LOUISIANA	17.5	N.M.	2.4	15.7	4.8	5.9	8.8
MAINE	10.1	13.1	N.M.	18.6	5.8	4.0	12.3
MARYLAND	13.3	5.0	2.2	19.5	7.6	N.M.	11.6
MASSACHUSETTS	10.6	9.7	10.0	9.3	6.8	N.M.	9.9
MICHIGAN	22.2	10.1	4.9	30.6	1.7	2.4	11.3
MINNESOTA	2.4	5.2	3.8	9.6	6.6	2.5	5.3
MISSISSIPPI	16.8	N.M.	N.M.	24.0	7.4	5.3	10.8
MISSOURI	14.7	10.3	N.M.	27.5	9.6	12.0	14.6
MONTANA	11.3	N.M.	N.M.	18.2	9.0	6.1	12.3
NEBRASKA	4.1	N.M.	N.M.	12.8	4.9	8.6	7.2
NEVADA	4.5	5.0	2.5	23.1	10.4	4.9	12.7
NEW HAMPSHIRE	8.3	15.6	1.3	14.7	2.4	3.0	9.2
NEW JERSEY	4.5	3.3	5.1	4.8	4.8	N.M.	4.2
NEW MEXICO	15.9	N.M.	2.1	32.8	6.3	21.9	18.7
NEW YORK	11.8	14.1	4.3	23.2	2.6	4.1	9.7
NORTH CAROLINA	6.1	2.5	N.M.	8.4	3.7	3.0	4.3
NORTH DAKOTA	4.7	N.M.	N.M.	9.9	8.3	15.0	9.5
OHIO	8.9	3.9	5.1	8.3	3.2	3.9	6.2
OKLAHOMA	7.7	5.5	N.M.	13.7	7.1	6.7	8.1
OREGON	15.2	3.3	2.1	20.5	9.4	3.2	11.3
PENNSYLVANIA	10.9	5.4	1.3	16.6	4.0	2.7	7.7
PUERTO RICO	N.M.	11.7	N.M.	N.M.	14.9	N.M.	14.1
RHODE ISLAND	10.4	7.3	N.M.	10.1	N.M.	N.M.	10.0
SOUTH CAROLINA	3.7	N.M.	0.3	9.2	5.3	1.1	4.9
SOUTH DAKOTA	24.0	N.M.	1.0	19.0	9.0	5.0	11.3
TENNESSEE	13.4	N.M.	5.2	24.1	4.1	0.3	10.7
TEXAS	11.7	9.4	3.0	18.2	12.8	6.5	11.4
UTAH	8.2	5.4	2.8	9.9	2.8	22.0	7.6
VERMONT	5.0	N.M.	N.M.	13.3	6.5	N.M.	11.3
VIRGINIA	7.5	1.2	4.1	9.8	1.2	1.6	4.4
WASHINGTON	6.0	3.2	N.M.	8.2	1.4	7.8	4.9
WEST VIRGINIA	3.1	N.M.	5.3	15.9	2.9	0.9	5.5
WISCONSIN	18.5	6.2	N.M.	12.7	6.0	5.0	7.8
WYOMING	8.5	N.M.	N.M.	18.8	12.4	2.2	14.0
AVERAGE	10.0	8.3	3.2	16.3	6.4	5.7	9.2
FOOTNOTES							
N.M. - No Speed Monitoring Required.							
DATE March 1985	COMPILED BY T.E. Klimek			HTO-33	CHECKED BY		

ATTACHMENT #9

FY 84: MILEAGE SUBJECT TO SPEED MONITORING							
STATE	URBAN			RURAL			STATEWIDE VALUE*
	I	OF&E	OTHER ART.	I	OTHER ART.	MAJOR COLL.	
ALABAMA	182.0	N.M.	458.5	643.0	5338.4	9959.6	16,581.5
ALASKA	N.M.	N.M.	14.1	N.M.	1476.3	265.5	1,755.9
ARIZONA	88.4	N.M.	N.M.	1057.8	3306.7	1157.7	5,610.6
ARKANSAS	112.9	32.0	N.M.	428.7	4919.5	8913.9	14,407.0
CALIFORNIA	799.0	1137.0	1746.0	1457.0	9311.0	10220.0	24,670.0
COLORADO	108.0	35.0	N.M.(18.0)	773.0	3190.0	2103.0	6,209.0(6,227.0)
CONNECTICUT	181.8	110.8	N.M.	106.9	80.8	N.M.	480.3
DELAWARE	34.7	N.M.	N.M.	N.M.	148.4	N.M.	183.1
DIST OF COL							
FLORIDA	300.0	N.M.	728.0	944.0	5733.0	4220.0	11,925.0
GEORGIA	221.0	93.0	263.0	939.0	7965.0	17893.0	27,374.0
HAWAII	11.6	N.M.	N.M.	13.2	179.1	76.4	280.3
IDAH0	67.6	N.M.	N.M.	534.0	2266.9	1463.0	4,331.5
ILLINOIS	413.0	78.0	410.0	1289.0	6750.0	5274.0	14,214.0
INDIANA	256.0	99.0	449.0	855.0	4123.0	5144.0	10,926.0
IOWA	124.0	N.M.	N.M.	612.0	8195.0	13342.0	22,273.0
KANSAS	152.0	45.0	95.0	654.0	7476.0	10615.0	19,037.0
KENTUCKY	123.0	N.M.	2701.0	597.0	3157.0	7038.0	13,616.0
LOUISIANA	110.0	N.M.	121.0	535.0	2358.0	6805.0	9,929.0
MAINE	24.0	18.3	N.M.(2.6)	280.0	601.6	238.8	1,162.7(1,165.3)
MARYLAND	136.4	91.8	39.2	178.8	454.6	N.M.(0.5)	900.8(901.3)
MASSACHUSETTS	336.2	197.9	25.7	180.4	181.0	N.M.(27.3)	921.2(948.5)
MICHIGAN	420.0	204.0	273.0	719.0	6039.0	16095.0	23,750.0
MINNESOTA	170.0	67.0	276.0	697.0	8133.0	15109.0	24,452.0
MISSISSIPPI	88.0	N.M.	N.M.	589.0	4907.0	11579.0	17,163.0
MISSOURI	308.4	141.2	N.M.	823.7	6098.5	17571.8	24,943.6
MONTANA	43.0	N.M.	N.M.	1085.0	5312.0	3287.0	9,727.0
NEBRASKA	31.0	N.M.	N.M.	448.0	6765.0	4718.0	11,962.0
NEVADA	37.0	24.9	24.8	499.5	1668.3	2067.4	4,321.9
NEW HAMPSHIRE	35.8	33.7	20.5	162.9	323.9	91.4	668.2
NEW JERSEY	205.0	222.0	84.0	114.0	308.0	N.M.(26.0)	933.0(959.0)
NEW MEXICO	83.0	N.M.	70.0	916.0	2624.0	3316.0	7,009.0
NEW YORK	448.0	487.0	1172.0	869.0	5755.0	5598.0	14,329.0
NORTH CAROLINA	155.0	260.0	N.M.	641.0	3545.0	10189.0	14,790.0
NORTH DAKOTA	35.0	N.M.	N.M.	536.0	5340.0	4201.0	10,112.0
OHIO	653.8	171.2	1222.4	881.3	4507.9	11082.3	18,518.9
OKLAHOMA	138.0	163.0	N.M.	673.0	5290.0	5933.0	12,197.0
OREGON	122.0	50.0	64.0	583.0	4408.0	8240.0	13,467.0
PENNSYLVANIA	313.0	284.0	660.0	1184.0	5171.0	3072.0	10,684.0
PUERTO RICO	N.M.	34.5	N.M.	N.M.	109.4	N.M.	143.9
RHODE ISLAND	29.3	22.0	N.M.	29.9	N.M.	N.M.	81.2
SOUTH CAROLINA	109.0	N.M.	185.0	647.0	4281.0	7034.0	12,256.0
SOUTH DAKOTA	40.0	N.M.	34.0	616.0	5724.0	7114.0	13,528.0
TENNESSEE	177.0	N.M.	166.0	827.0	4789.0	8365.0	14,324.0
TEXAS	893.0	490.0	1185.0	2263.0	14841.0	34135.0	53,807.0
UTAH	124.0	11.0	100.0	663.0	2040.0	1025.0	3,963.0
VERMONT	34.5	N.M.	N.M.	285.8	50.8	N.M.	371.1
VIRGINIA	213.0	89.0	125.0	805.0	4544.0	9010.0	14,786.0
WASHINGTON	219.0	141.0	N.M.	441.0	3621.0	418.0	4,840.0
WEST VIRGINIA	77.4	N.M.	285.2	389.5	2101.6	4612.1	7,465.8
WISCONSIN	55.0	111.0	N.M.	430.0	7700.0	11000.0	19,296.0
WYOMING	28.9	N.M.	N.M.	889.1	2770.0	1924.5	5,612.5
TOTALS	9,067.7	4,944.3	12,997.4 13,018.0	31,785.5	205,978.7	311,516.4	576,290.0 (576,364.4)
FOOTNOTES							
N.M. - No Speed Monitoring Required.							
* The Value in Parenthesis includes mileage shown for the Categories where Speed Monitoring is not Required.							
DATE MARCH 1985	COMPILED BY T.E. Klimek		HTD-33	CHECKED BY			

QUESTIONS SUBMITTED BY SENATOR COCHRAN

STATEMENT REGARDING FUEL ECONOMY STANDARDS

SENATOR COCHRAN: Several of the domestic automobile manufacturers are currently having some difficulty meeting the fuel economy standards established in the Energy Policy and Conservation Act of 1975. It is my understanding that this problem may place these full-line manufacturers in the position of either having to limit the production of larger family-sized cars or pay potentially enormous fines.

It seems to me that either of these choices would be contrary to the best interest of the American consumer or the competitiveness of our domestic manufacturers with foreign imports. What particularly concerns me is the position we may be putting these full-line domestic manufacturers in with respect to the Japanese.

I have been advised that, while domestic companies are facing the decision of whether to limit offering of their family-sized cars, Japanese manufacturers are in a position where they can import larger and more performance-oriented cars into the U.S. for sale without incurring any penalties whatsoever. Is this true?

ANSWER: All Japanese manufacturers have Corporate Average Fuel Economy (CAFE) values above the existing 1985 passenger car fuel economy standard of 27.5 mpg. The projected 1985 CAFE levels for the Japanese companies generally fall in the range of 29-34 mpg. General Motors and Ford have projected 1985 CAFE values of 25.1 mpg and 25.5 mpg, respectively. Chrysler's projected CAFE for 1985 is exactly equal to the standard, while American Motors has a projected CAFE value of 33.3 mpg. It is apparent that CAFE levels projected for the Japanese companies could allow them to import less fuel-efficient cars into this country without seriously risking noncompliance with the fuel economy standards. In the case of GM and Ford, these companies have stated that they can comply with the fuel economy standards by utilizing the provisions in the existing law regarding carryforward and carryback credits. However, their ability to comply with the standards is clearly more marginal than that of the Japanese companies.

On March 1, 1985, the National Highway Traffic Safety Administration (NHTSA) was petitioned by both GM and Ford to lower the passenger car fuel economy standard to 26.0 mpg for 1986 and subsequent model years. On July 26, 1984, the agency was petitioned by the Center for Auto Safety to raise the passenger car fuel economy standards for 1987-90. NHTSA will, over the next several months, be reviewing data submitted in response to these petitions. As part of this review, the agency plans to examine the effects of the standards on the competitiveness of the domestic auto industry.

SENATOR COCHRAN: It is also my understanding that under the current law the Administration has the authority, given to it by the Congress, to reduce the standard below the current level to account for changed circumstances in the marketplace. The law allows the Administration to reduce the 27.5 mpg standard to 26.0 mpg within the authority Congress provided. Do you intend to consider utilization of this authority?

ANSWER: As part of the review of the petitions to amend the fuel economy standards, NHTSA will consider utilizing its authority to lower the 27.5 mpg standard for passenger cars.

QUESTIONS SUBMITTED BY SENATOR KASTEN

FUEL ECONOMY STANDARDS

SENATOR KASTEN: Mr. Chairman, in 1975, the Energy and Conservation Act (EPCA) established fuel economy standards for passenger cars. The decade since EPCA was enacted has been characterized by falling gasoline prices, resulting in strong demand for family-sized cars.

Throughout this period the domestic manufacturers have maintained their commitment to fuel economy across the board, spending literally billions of dollars to reduce weight, introduce more fuel efficient engines, and to provide front wheel drive across all size categories. Even with all these incentives to buy smaller cars, public demand has been growing for larger cars. These changes in the marketplace cannot be ignored, nor can their implications on the car industry be overlooked.

Administrator Steed, perhaps some change should be made in the CAFE standard in order to make it more reflective of today's market conditions. As I recall, the Secretary of Transportation has the authority to implement such changes within some limits. Is this true?

ANSWER: Section 502(a)(4) of the Motor Vehicle Information and Cost Savings Act (MVICSA) allows the Secretary of Transportation to amend the existing 27.5 mpg passenger car fuel economy standard for model year 1985, as well as for subsequent model years. Under MVICSA, any amendment to raise the standard above 27.5 mpg or to lower it below 26.0 mpg is subject to a one-house veto. General Motors and Ford petitioned the National Highway Traffic Safety Administration on March 1, 1985 to lower the standards for 1986 and subsequent model years to 26.0 mpg.

SENATOR KASTEN: If no changes are made in the CAFE standard, will we be giving the Japanese any unreasonable advantages over our domestic companies? I understand the Japanese have CAFE credits they can use to enter the full-size market. Why should our domestic full-line manufacturers face penalties for their offering of a full line of vehicles?

ANSWER: All Japanese manufacturers have Corporate Average Fuel Economy (CAFE) values above the existing 1985 passenger car fuel economy standard of 27.5 mpg. The projected 1985 CAFE levels for the Japanese companies generally fall in the range of 29-34 mpg. It is apparent that the CAFE levels projected for the Japanese companies could allow them to import less fuel-efficient cars into this country without seriously risking noncompliance with the fuel economy standards. In the case of GM and Ford, these companies have stated that they can comply with the fuel economy standards by utilizing the provisions in the existing law regarding carryforward and carryback credits. However, their ability to comply with the standards is clearly more marginal than that of the Japanese companies.

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QUESTIONS SUBMITTED BY SENATOR D'AMATO

SPLASH AND SPRAY

SENATOR D'AMATO: Section 414 of the Surface Transportation Assistance Act required that the Secretary of Transportation issue minimum standards regarding the use of spray suppressant devices on tractor trailers. Those standards have not been issued nor has there even been a promised notice of rulemaking. Will you explain why NHTSA has not yet issued a proposed standard?

ANSWER: Rulemaking has not proceeded as rapidly as envisioned in the Surface Transportation Assistance Act (STAA) of 1982. Conflicting research results made it difficult for NHTSA to propose timely and effective spray suppression alternatives. We believe that most of the issues have now been resolved, and expect to issue a proposal as soon as it is cleared by the Office of Management and Budget.

SENATOR D'AMATO: What are your plans and time-table for complying with Section 414?

ANSWER: NHTSA's schedule calls for the issuance of an NPRM as soon as possible. The NPRM is currently being reviewed by the Office of Management and Budget (OMB). The NPRM is based on research results from a Federal Highway Administration (FHWA) sponsored study in 1977, follow-on studies by Systems Technology Inc. in 1982 and 1984, 1983 British tests, and 1984 Motor Vehicle Manufacturers Association/Texas Transportation Institute tests, and research studies by NHTSA's Safety Research Laboratory in 1983. The latter study, which was performed soon after the Surface Transportation Assistance Act (STAA) was published, did not substantiate the earlier research performed by the FHWA. While the Safety Research Lab tests were taking place new products were being developed which made the installation of side skirts feasible at the steering axle of the tractor and the nose of the trailer. Baffling (side skirts) at these two positions provide a substantial decrease in spray. In 1984, testing both by government and industry showed that the most sophisticated systems which have proven to be practical decrease the size of the spray cloud on some truck configurations by 20 to 50 percent.

To summarize, the Department of Transportation was directed to undertake this rulemaking activity by the STAA of 1982 (Section 414).

Delay in the development of the NPRM was caused by conflicting research results which made additional research necessary prior to establishing standards. Most issues have now been resolved, and the Department will issue an NPRM as soon as it is cleared by OMB.

SENATOR D'AMATO: Are you aware of testing done by the Motor Vehicle Manufacturers Association (MVMA) whose results show that "treated vehicles produce less spray than untreated vehicles." Would you comment on those test results?

ANSWER: We are aware of the research performed by Motor Vehicle Manufacturers Association on splash and spray. Texas Transportation Institute (TTI), MVMA's contractor found that, taken as a whole, treated vehicles produce less spray than vehicles not treated, by about a factor of two.

NHTSA, in testing performed by Systems Technology Inc. (STI) in 1984, found results similar to those of MVMA. We feel that the NHTSA and MVMA results support the rulemaking that will be proposed shortly.

SENATOR D'AMATO: I understand that NHTSA test results from trial runs in February of 1984 have just been placed in the docket. Will you explain why it has taken nearly a year for these results to be made public?

ANSWER: The contractor delivered a briefing in July which was docketed immediately. The final report was delivered in January 1985 and was also docketed immediately for public review.

SENATOR D'AMATO: Do you conclude that the NHTSA test results and the MVMA test results parallel one another in that one can get significant performance improvements by fully equipping a van-type trailer tractor?

ANSWER: NHTSA results agree with the MVMA test results to the extent that placing available spray suppression devices on a van type trailer should improve visibility in cases when there is little or no crosswind present.

SENATOR D'AMATO: I understand that there is currently underway in Oregon a "real world" performance field-test, designed by a consultant who has performed numerous studies for the Department of Transportation and sponsored by two device manufacturers. Are you aware of these tests? Are you aware that State troopers, with years of highway safety experience, will be acting as observers? Do you believe that State troopers will be good judges of the performance of the devices? If not, who do you think would be better able to determine this issue?

ANSWER: Schlegel Corporation, a manufacturer of side skirts, in conjunction with Monsanto Corporation, a manufacturer of spray suppression flaps, has voluntarily undertaken real world effectiveness testing of spray suppression devices. NHTSA has suggested that such testing by the private sector would be helpful to the overall rulemaking process. The testing is now underway in Oregon and involves Oregon State Police and truck weighmasters making on-road subjective evaluations of trucks both with and without spray suppression devices. The product of this effort will be a short documentary on splash and spray and is expected to be completed in mid-April and possibly previewed at the Western Highway Institute annual meeting in late April.

The question of whether we believe state troopers will be good judges of the performance of the devices cannot be answered easily. Previous experiments using observers, including our own, have proven difficult to analyze. The judgment of the people including trained researchers, provides a very rough yardstick for measuring the effects of spray suppression equipment on visibility. We are hopeful that this field-test will provide useful data if a sufficient number of samples is taken. Dr. Rudolph Mortimer, the project director, will be responsible for analyzing the data provided by the State Troopers.

SENATOR D'AMATO: Do you think that truck spray is a significant problem? Do you think that reducing the spray level will enhance highway safety?

ANSWER: While NHTSA's research does not document the extent to which truck spray may present safety problems, some private studies suggest that a substantial number of motorists are concerned by the visibility loss attributed to truck splash and spray.

Three types of possibly hazardous events are frequently associated with truck splash and spray:

(1) A motorist passing a truck may have his vision obscured. On a two-lane road, he may not be able to see oncoming traffic; on a multi-lane road he may not be able to see ahead clearly and may drift out of his lane.

(2) A truck passing a car may obscure the vision of the car's driver, who in turn may not be able to see ahead and may drift out of his lane.

(3) A truck driver trying to change lanes may have his rearview mirror obscured by spray and move into a lane occupied by another vehicle.

Data from one research study indicate that a relatively large improvement in visibility (perhaps 40 percent) may be needed to improve safety consistently. The degree to which a smaller percentage improvement in visibility improves safety remains to be seen. Furthermore, it appears that the benefits of splash and spray countermeasures could be significantly reduced in relatively low velocity crosswinds on the downwind side of the truck.

SENATOR D'AMATO: Are you aware that 1980 and 1984 surveys by the American Trucking Association (ATA) showed that spray is the number one complaint by motorists?

ANSWER: We are aware of the surveys by the ATA and are doing our best to find a remedy which will provide visibility benefits to the motoring public.

SENATOR D'AMATO: Given the fact that the trucking industry has spent nearly \$250,000 to test performance of these devices, do you agree that they are interested in solving the problems?

ANSWER: The testing of various methods to reduce splash and spray by the Motor Vehicle Manufacturers Association demonstrates the industry's interest in this issue. We wholeheartedly believe that the industry has cooperated with our researchers and together we expect to find solutions which are beneficial to the driving public.

SENATOR D'AMATO: If you find that the "real world" testing in Oregon, once completed, was appropriately conducted will its conclusions be sufficient for NHTSA to determine that the devices either work or do not work? Would additional tests be required?

ANSWER: NHTSA anticipates no further need for research at this time. We are hopeful that the Oregon tests will provide the link between perceived improvement and level of treatment under real world conditions. However, our rulemaking is not being delayed in any way pending the outcome of the Oregon tests.

SENATOR D'AMATO: The British have passed legislation requiring spray suppressant treatment on trucks and tractor trailers. Are you aware of the legislation and do you think it has any relevance to the highway safety issues facing this nation?

ANSWER: The British standard requiring spray suppressant treatment on trucks and tractor trailers has been reviewed by NHTSA. In the case of flaps and side skirts, our proposed standards and the British standard have much in common. However, the design of British trucks is considerably different than our own. This requires differences in the two standards, especially with regard to fenders. While most British trucks were originally equipped with fenders, American manufacturers do not use fenders. Thus, standards which deal with the installation of the devices must, of necessity, be different.

QUESTIONS SUBMITTED BY SENATOR CHILES

SEAT BELTS

SENATOR CHILES: Last July the Secretary issued a new passive restraint rule which would require the installation of passive restraint systems in new cars in a phased schedule unless by April of 1989, States representing 2/3 of the U.S. population have passed mandatory seat belt laws.

In your statement you mention that New York, New Jersey and Illinois have already passed such laws and that similar laws have been introduced in 29 other States.

Do the three States with laws already in place and the 29 States with laws pending represent 2/3 of the U.S. population?

ANSWER: Currently (as of March 15, 1985) six States have passed mandatory safety belt usage laws. They are New York, New Jersey, Illinois, Michigan, Missouri and New Mexico.

Many other States are also actively considering safety belt usage laws, and we expect those legislative efforts to continue. However, we cannot at this time predict which States will enact use laws or what percent of the national population they will ultimately represent.

Also, we have not yet made determinations as to whether these safety belt laws already enacted meet the minimum criteria set out in our occupant protection rule. Since some of those criteria concern enforcement and implementation of usage laws, it will take some time to determine whether the criteria have been met.

SENATOR CHILES: I understand that the rule will be effective on September 1, 1986 for 10 percent of the cars manufactured in the U.S. Will enough States have acted by that date?

ANSWER: While we cannot predict how quickly States will enact safety belt usage laws, or in which States, we believe it is unlikely that enough States will have adopted usage laws by September 1, 1986, to permit rescission of the automatic protection provisions of the standard at that time. As noted in our response to the previous question, a State usage law must meet our minimum criteria to qualify for inclusion in that calculation, and it will take some time to determine whether a State's implementation and enforcement of the law meets our criteria.

SENATOR CHILES: The allegation has been made that Detroit, particularly GM, has been lobbying States to pass seat belt laws which have little force or effect and the lobbying tool they have is the \$5 billion Saturn plant. Missouri, for example, has a law pending that would impose a \$10 fine and the police cannot pull a car over only because a person is not wearing a seat belt. What standards do you have for State laws? Will you accept any State law no matter how ineffective?

ANSWER: Standard 208 contains several criteria for an effective safety belt use law. These are:

- a requirement that each front seat occupant of a passenger car equipped with safety belts has his/her safety belt properly fastened about his/her body at all times when the vehicle is in forward motion;

- a requirement that waivers from the law, if any, be limited to medical reasons;
- a provision for a penalty of not less than \$25.00 (which may include court costs) for each occupant of a car who violates the belt use law;
- a provision (or a rule of law in the State) permitting mitigation of damages awarded to a person involved in an accident while violating the belt use law;
- a program to encourage compliance with the belt use law; and
- an effective date no later than September 1, 1989.

We believe that a State law meeting these criteria will be effective in producing high levels of safety belt usage and commensurate benefits in lives saved and injuries avoided. To help the States, we have prepared a model law that incorporates all of these criteria. A copy of the model law is attached.

You asked whether we would accept "any State law no matter how ineffective." The criteria listed above were selected in order to encourage effective laws. We will not disregard the criteria when reviewing and certifying State laws.

SAFETY BELT USE ACT

Suggested Legislation

(Title, enacting clause, etc.)

Section 1. [Short Title.] This act may be cited as the [state] Safety Belt Use Act.

Section 2. [Definitions.] As used in this act:

(1) "Passenger car" means any passenger car required to be equipped with safety belts by Federal Motor Vehicle Safety Standard No. 208 (49 CFR 571.208).

(2) "Driver" means a person who drives or is in actual physical control of a motor vehicle.

Section 3. [Application.] This act shall apply to drivers and front seat occupants of passenger cars on the streets, roads, and highways of this state.

Section 4. [Operation of passenger cars with safety belts.]

(a) Each driver of a passenger car in this state shall have a safety belt properly fastened about his or her body at all times when the vehicle is in forward motion.

(b) Each front seat occupant of a passenger car in this state shall have a safety belt properly fastened about his or her body at all times when the vehicle is in forward motion, except that children shall be properly restrained as provided by [the state's child passenger safety statute].

(c) This section shall not apply to a driver or a front seat occupant with a medical condition that prevents appropriate restraint by a safety belt.

Section 5. [Penalties.]

(a) A person who violates section 4(a) or (b) of this act shall be punished by a fine of not less than \$25.00, [which may include court costs] for each violation.

(b) Violation of the safety belt usage requirements of this act may be introduced into evidence to mitigate damages with respect to any person who is involved in a passenger car accident while violating such requirements and who seeks in any subsequent litigation to recover damages for injuries resulting from such accident.

Section 6. [Information.] The [state highway safety agency] shall initiate an educational program designed to encourage compliance with the safety belt usage requirements of this act.

Section 7. [Effective Date.] This act shall take effect [not later than September 1, 1989].

Section 8. [Severability Clause.]

SENATOR CHILES: Some critics argue that we need both automatic restraints and mandatory use laws and object to two good ideas being pitted against each other. How do you answer these critics?

ANSWER: The Supreme Court's 1983 decision required that improved occupant protection be provided to American motorists; the Secretary's decision offers State legislatures a voice in the matter. Our rule has helped to encourage public discussion of occupant protection throughout the country and to permit decisionmaking at the level closest to the people.

Furthermore, the Secretary's decision to require installation of automatic protection systems on a phased-in basis, beginning in the fall of 1986, will result in nearly one million new cars equipped with automatic systems during the model year, and even more in subsequent years. That large-scale production will help the public to become more familiar with the benefits of automatic occupant protection systems and to make informed judgments as to what types of protection systems they prefer.

We are encouraging positive statements about all types of occupant protection in all aspects of our public education programs. Those who make negative statements about safety belts or air bags in order to argue for one particular approach have surely lost sight of our overall objective -- the saving of human life.

SENATOR CHILES: Last year you told us that the seat belt use was at 14 percent but would increase to 26 percent by the spring of 1986. Do you still project a 26 percent use rate? Experience has shown that usage has increased in the past 2 years from 11 to 14 percent. To meet your goal by 1986 would require an increase of about 12 percent in a single year. Is this a realistic goal?

ANSWER: The latest data from our 19 city survey show that belt usage by drivers is now 15.3 percent. But, at the same time, our experience shows that voluntary usage levels do not approach the levels attainable through safety belt usage laws. By intensifying our efforts, this program will result in continued increases in voluntary usage, and it will help lay the foundation for enactment of safety belt use laws. We are convinced that

safety belt use laws are the most effective way to increase belt use and provide immediate improvements in occupant protection.

It is entirely probable that future data obtained from the 19 city survey will show a 25 percent use rate within a year since 2 of the 19 cities are now covered by mandatory usage laws and two more very likely will be.

SENATOR CHILES: You have requested a fiscal year 1985 supplemental of \$7.2 million and \$20 million in fiscal year 1986 for a seat belt information program. As we understand it, this program is to educate people about seat belt use, mandatory seat belt laws and passive restraints. With all the activity in the States and the rapid growth in the use rate, why do you consider a \$20 million public relations program for 1986 to be essential?

ANSWER: The NOPP is far more than just a public relations program. It is designed to provide public education, assist private organizations to promote occupant protection, share information, and to demonstrate the important benefits of effective protection systems. It is based on what we have seen to be effective in both foreign and domestic efforts in recent years and it incorporates the recommendations of a Committee of the National Academy of Sciences (NAS) which was commissioned by the Congress to study the safety belt/child restraint issue. The principal NAS Committee recommendation was that no single remedy is likely to be successful. The Committee went on to suggest several remedies, including:

- (1) prescription;
- (2) economic incentives;
- (3) changing public perceptions about safety belt use; and
- (4) through personal and community influence.

Just as passage of child restraint legislation is not sufficient, in and of itself, to ensure that all parents buckle up their children, passage of adult restraint legislation will also require considerable public education and enforcement support to achieve acceptably high usage rates.

We want to be sure that the current State legislative activities have adequate information regarding the need for occupant protection and the effectiveness of laws requiring belt usage. NHTSA frequently receives requests for information from State legislators and others. For example, one of the most recent requests came from a State Senator who was seeking data on the medical consequences of not wearing safety belts: the number of paraplegics per year, the other typical injuries, the medical and public cost estimates per year, and the number of passenger injuries and deaths per year.

We now have a real opportunity to get the majority of passenger vehicle occupants protected. We want to do everything possible to succeed in that goal. At the same time, information on automatic protection is necessary to overcome the apparent lack of knowledge and misinformation that now exists regarding these safety devices and to encourage public understanding of these devices.

We believe the FMVSS decision and the attendant education program will save thousands of American lives each year.

SENATOR CHILES: If the Congress approves this program what seat belt use rates do you predict?

ANSWER: If Congress approves this program, we estimate that

8-12 States will have enacted mandatory safety belt use laws within the next year. We believe that usage rates in these States will reach 50 percent, with some States achieving even higher rates.

We also believe that safety belt use will continue to increase nationwide and that a 25 percent use rate, as measured by the 19-cities survey, is probable within one year.

SENATOR CHILES: How do you actually estimate the seat belt use rate? What cities are included in your sample?

ANSWER: Since the mid-1970's, NHTSA has been conducting observations of safety belt use among drivers in and around 19 major metropolitan areas. These cities are Atlanta, GA; Baltimore, MD; Birmingham, AL; Boston, MA; Chicago, IL; Dallas, TX; Fargo/Moorehead, ND; Houston, TX; Los Angeles, CA; Miami, FL; Minneapolis/St Paul, MN; New Orleans, LA; New York, NY; Phoenix, AZ; Pittsburgh, PA; Providence, RI; San Diego, CA; San Francisco, CA and Seattle, WA.

This survey represents an index by which to see trends in safety belt use. It has been continued, unchanged, so that it can continue to provide for an index of change in usage rates.

With full funding of our FMVSS 208 implementation request, we plan to conduct a nationally representative survey.

ALCOHOL INCENTIVE GRANTS

SENATOR CHILES: \$125 Million was authorized for the Alcohol Incentive Grant Program for FY 1983, 1984 and 1985 and since then, only 16 states have qualified for \$22 million. Your statement mentions that you are considering relaxation of the "Prompt License Suspension" and the "Mandatory Hard License Suspension" criteria to permit more states to qualify.

Florida, for example, does not qualify because on the average it takes 77 days to revoke licenses as opposed to your standard of 45 days and if an offender has taken a DWI course, he may be issued a 30-day license to drive to and from work.

Do you believe the Florida situation would qualify as you are now considering the new criteria?

ANSWER: NHTSA staff is conducting an analysis of the Alcohol Traffic Safety Incentive Grant Program to determine if it is necessary to modify it in order for more States to qualify. This analysis will be completed this spring and recommendations finalized by the summer.

SEAT BELTS IN SCHOOL BUSES

SENATOR CHILES: Ms. Steed, I have been receiving a good bit of mail suggesting that the Department should use its existing authority to require the use of seat belts in school buses.

As a nation, we are trying to teach people to use seat belts. Have you considered the value—aside from the lives that would be saved—of teaching children to buckle up in their school buses with regard to the lifetime habits this would help establish?

ANSWER: We believe that the currently mandated occupant protection in school buses (FMVSS 222) provides an adequate level of safety protection and that safety belts would not substantially raise the level of protection for occupants. Fewer than 100

children have been killed in school buses over the last five years, and probably many of them would not have survived even if safety belts had been available and used. Small van-type school buses (under 10,000 lbs. gross vehicle weight) are required to have safety belts.

We are, however, looking at the relationship that belts on buses have to habit and behavior reinforcement in automobiles. A research effort is under way that examines the relationships among students' exposure to belts on buses, their attitudes toward safety belts, and their usage rates of belts while in private vehicles.

55-MILE PER HOUR SPEED LIMIT

SENATOR CHILES: Long lines at the gas pumps and talk of gas rationing are things of the past and we are now in a period of an oil glut. As a result, I am hearing more and more that the 55 mile per hour speed limit should be reconsidered, especially in uncongested areas. What is your view on the 55 mile per hour speed limit?

ANSWER: The Department has long recognized that the imposition of the 55 mph national maximum speed limit is one of the most effective highway safety measures ever implemented in the United States. The comprehensive 55 mph speed limit study conducted by the National Academy of Sciences (NAS) confirms this conclusion. According to the Academy, the slower speeds and more uniform pace of travel resulting from the 55 mph limit has saved some 25,000 to 50,000 lives during the last ten years. The Academy estimates the current annual effect of the speed limit to be 2,000 to 4,000 lives saved, 2,500 to 4,500 fewer serious, severe, and critical injuries, and 34,000 to 61,000 fewer minor injuries. However, as noted by the Academy, the cost of these benefits include a 1.3 percent increase in motorist travel time. A Departmental 55 mph Task Force is now carefully reviewing the Academy's conclusions and recommendations and the various policy options related to this issue. A final Department position will be finalized as soon as that ongoing review is completed.

NATIONAL DRIVER REGISTER PROGRAM

SENATOR CHILES: Ms. Steed, my state of Florida had over 462,000 people move into the state in 1984 who requested Florida drivers licenses and this year, to date, we are receiving about 9,000 a week.

Needless to say, Florida is interested in the National Driver Register Program which will give real time computer response regarding a person's past driving record. This will help Florida and other states keep problem drivers off the road.

What is the schedule for this program? When will the RFP be issued for the first 4 pilot state projects?

ANSWER: Upon completion of the design for the new National Driver Register online access system, an extensive evaluation was conducted regarding the time required to implement and complete a pilot test of the system. Based on input from State licensing and data processing staffs, the National Driver Register Advisory Committee, DOT personnel and contractor technical consultants, additional time will be needed at the Federal and State level.

Based on these facts and on previously provided testimony, we expect to meet the following key dates:

- | | |
|---|---------------|
| o Issue Request for Proposal for Pilot States | March 1985 |
| o Select Pilot States | April 1986 |
| o Begin Pilot Testing | August 1987 |
| o Complete Pilot Test | August 1988 |
| o Submit Evaluation Report to Congress | February 1989 |

FUEL ECONOMY STANDARDS

SENATOR CHILES: As you know, Ford and General Motors both have not met the Federally mandated fuel economy standard for 1983, 1984, and 1985. We understand that carrying forward credits takes care of the 1983 and 1984 situation and the 1985 problem will need to be addressed by the automakers' commitment to build a credit in future years by exceeding the standard. If future credits do not materialize, how big of a fine does GM and Ford face? Has NHTSA ever imposed fines?

ANSWER: Ford has stated it can comply with the 1983 and 1984 standards through the use of carryforward credits, assuming that the Environmental Protection Agency (EPA) grants certain fuel economy credits to compensate for changes EPA has made in the test procedures used to determine fuel economy levels. For 1985, Ford will have to rely on carryback credits. GM complied with the 1983 standard using carryforward credits. GM will have to rely on carryback credits to comply with both the 1984 and 1985 standards. The potential penalties that GM and Ford would have to pay if they could not generate carryback credits are confidential since they are based on future CAFE levels and sales projections. It should be noted, however, that both GM and Ford have petitioned NHTSA to lower the fuel economy standard to 26.0 mpg for 1986 and subsequent model years. The agency will be considering these petitions over the next several months.

NHTSA has not imposed any civil penalties on any auto company for violating the fuel economy standards. NHTSA has determined that Jaguar did not comply with the 1983 passenger car standard and will be unable to earn future credits to offset their noncompliance. However, as a matter of policy, the agency has decided it will not levy any civil penalties until the EPA test procedure adjustment rule is issued and the magnitude of the penalties can be determined.

EMERGENCY MEDICAL SERVICES

SENATOR CHILES: I understand that Emergency Medical Services (EMS) funding through the 402 Program is expected to increase from \$4.5 million in 1984 to \$6.1 million in 1985. Also, the Department is proposing EMS demonstration programs in 1986 for \$565,000 or a 91% increase over last year.

Clearly this is the largest percentage increase in your budget. Please describe what you hope to accomplish through the EMS demonstrations and why is it important?

ANSWER: Historically, the Department attempted to fill voids in EMS by building the basic structures of prehospital services; designing standards of practice, training, communications and transportation; and developing technical assistance materials such as training materials for implementation of prehospital services.

The Department recognizes that the EMS community has become sophisticated to the point where it should be responsible for the

development of its own standards, that greater emphasis must be placed on self-sufficiency and management of available resources by the States, that a greater impact on highway accident trauma patient outcome can be realized by demonstration projects which lead to the establishment of trauma systems of care which integrate prehospital with hospital components of trauma care delivery, and that a greater impact on highway safety can be realized through public information and education programs concerned with injury prevention, as well as injury management and reduction which are conducted by the EMS community.

The goals of the Department's EMS Program are to: (1) optimize EMS response to highway accident patients by improving public awareness on how to access prehospital services, maintaining prehospital personnel skills through the development of automated trauma training programs, and promotion of true systems of trauma care in each State; (2) promote self-sufficiency of EMS at the State and local levels by the development and transfer of management and evaluation tools; (3) promote self-regulation of EMS at the State and local levels through support of the National Consensus Voluntary Standards Organization for EMS (ASTM F30.0 Committee); and (4) promote highway accident injury prevention, as well as injury reduction public information and education programs by EMS organizations.

The EMS projects listed in the FY 1986 Congressional Budget request for the National Highway Traffic Safety Administration relate directly to the program goals which have been described, above. While the FY 1986 budget request for EMS represents a sizeable increase over the FY 1985 budget request, the Department believes that this short-term expenditure will lead to long-term benefits which will more than pay for themselves. Specifically, the projects concerned with the promotion of the National Consensus Voluntary Standards Organization and the development of management information systems to measure EMS sensitivity of EMS to highway safety needs will lead to the orderly transfer of activities formerly conducted at the Federal level to State and local governments, as well as appropriate EMS professional organizations.

The EMS training and trauma system support projects will lead to improved services to the highway accident patient, i.e., the trauma patient. Data from several sources across the country indicate that where multiple trauma patients are delivered to trauma centers by trained prehospital personnel within one hour of an accident, mortality can be reduced by as much as 57%, and morbidity, as measured by hospital length of stay, can be reduced by 20%. Currently, less than one-third of country has identifiable trauma centers, and the prehospital EMS systems that relate to these centers in a way that is consistent with a true systems approach.

Finally, the project concerned with public information and education on injury prevention will lead to State and local participation in comprehensive highway safety programs by the EMS community. EMS represents a resource which has been underutilized in community injury reduction and prevention campaigns, and it can serve as a true catalyst to change behavior with regard to utilization of occupant protection, drinking and driving, public management of highway accident patients, and proper access of prehospital services for accident patients.

ODOMETER FRAUD

SENATOR CHILES: Yesterday's Washington Post detailed a major consumer fraud activity involving turning back used car odometers. Your budget justification (p. 39) indicates that 70% of 4 million fleet vehicles -- almost 2.8 million cars annually -- have their odometers rolled back. You report, however, that since 1978, NHTSA has investigated only 2,750 vehicles (p. 40). In other words, you are investigating less than 1 out of every 6,000 tampered vehicles. This would seem to indicate that a serious consumer fraud is being widely perpetrated on the American public. Given the very small number of cases being prosecuted and with only 5 investigators devoted to this area, do we need a new and more vigorous program to protect the public?

ANSWER: One of the primary goals of NHTSA's odometer enforcement program is to deter odometer fraud through criminal prosecutions in Federal courts of dealers and individuals involved in large scale odometer fraud schemes. Although these schemes may involve thousands of vehicles each, only a sufficient number of vehicles are investigated in each case to substantiate that the scheme is large enough to warrant in-depth investigation and prosecution. The Department of Justice normally will not prosecute a case with less than ten substantiated violations, however, they are reluctant to use more than twenty violations in cases that they do prosecute as the enormous amount of documentary evidence necessary to prove each violation tends to confuse jury members when too many violations are presented. Another major goal of the program is to insure aggressive enforcement of State odometer statutes by State and local enforcement agencies. As it is both impossible and inadvisable to expand every reported instance of odometer tampering into a large scale investigation that the Department of Justice is willing to prosecute, cases with lower numbers of substantiated violations are referred to State enforcement agencies for expansion. The Odometer Fraud Staff investigators provide assistance and guidance to these State agencies in their investigations and numerous cases are prosecuted at that level. In addition, these State agencies are empowered under the Federal statute to assist consumers in recovering damages from violators of the law. The public can best be protected against odometer fraud through the combined efforts of NHTSA and the States. These efforts have enhanced consumer awareness through the publicity that criminal prosecutions and civil actions receive. In addition, the possibility of heavy fines, prison sentences and revocation of business privileges is becoming a deterrent to dealers against continuing these unscrupulous practices.

MUD FLAPS

SENATOR CHILES: Many motorists have expressed their concern about problems with large tractor-trailer trucks when driving on the highways. One area which would help assure the public would be requiring side skirts and mud flaps. What has happened to your proposals on this?

ANSWER: Rulemaking has not proceeded as rapidly as envisioned in implementing the Surface Transportation Assistance Act (STAA) of 1982. Conflicting research results made it difficult for NHTSA to propose timely and effective spray suppression alternatives. We believe that most of the issues have now been resolved.

NHTSA's schedule calls for the issuance of an NPRM as soon as possible. The NPRM is currently being reviewed by the Office of Management and Budget (OMB). The NPRM is based on research results from a Federal Highway Administration (FHWA) sponsored study in 1977, follow-on studies by Systems Technology Inc. in 1982 and 1984, 1983 British tests, and 1984 Motor Vehicle Manufacturers Association/Texas Transportation Institute tests, and research studies by NHTSA's Safety Research Laboratory in 1983. The latter study, which was performed soon after the Surface Transportation Assistance Act (STAA) was published, did not substantiate the earlier research performed by the FHWA. While the Safety Research Lab tests were taking place new products were being developed which made the installation of side skirts feasible at the steering axle of the tractor and the nose of the trailer. Baffling (side skirts) at these two positions provide a substantial decrease in spray. In 1984, testing both by government and industry showed that the most sophisticated systems which have proven to be practical decrease the size of the spray cloud on some truck configurations by 20 to 50 percent.

To summarize, the Department of Transportation was directed to undertake this rulemaking activity by the STAA of 1982 (Section 414). Delay in the development of the NPRM was caused by conflicting research results which made additional research necessary prior to establishing standards. Most issues have now been resolved, and the Department will issue an NPRM as soon as it is cleared by OMB.

ANTI-THEFT LEGISLATION

SENATOR CHILES: Another area of concern to the public is the increasing incidence of auto theft. Last year Congress passed Anti-Theft legislation. Where do you stand on implementing this legislation?

ANSWER: The Motor Vehicle Theft Law Enforcement Act of 1984 establishes specific, statutory deadlines for selected required actions to be taken under the Act. Section 602 establishes a September 1985 deadline for the issuance of a Theft Prevention Standard. Section 603 requires that final selection of all vehicles to be covered by the Theft Prevention Standard in the initial model year be completed by October 1985. Currently, a Notice of Proposed Rulemaking establishing the Theft Prevention Standard is in the final stages of review prior to issuance. The agency fully expects to meet both statutory deadlines.

Section 605 allows manufacturers installing original equipment, anti-theft devices, to petition for an exemption from the labeling requirements of the Theft Prevention Standard for a limited number of passenger vehicles. Such petitions must be filed not later than eight months prior to commencing vehicle production for the first model year covered by the standard. Preliminary work has begun in defining the criteria for obtaining an exemption. The agency expects final procedures for processing these petitions to be issued to allow all manufacturers adequate time to meet the filing deadline.

In addition to these requirements, Section 612 of the Act requires that insurance companies report annually on vehicle thefts and recoveries, rating rules and plans, and actions taken by insurers to reduce premiums based on the anticipated or recognized effects of the Act. This information is to be collected annually and published periodically by the Department of Transportation.

The agency has not yet begun work in this area but fully anticipates completion of rulemaking to establish the form and content of these reports early enough to provide adequate leadtime for insurance companies in completing their initial reports.

OLDER DRIVERS

SENATOR CHILES: The nation generally, and some States such as Florida, have growing numbers of their population in the upper age brackets. Does this represent a problem in terms of accidents? Are special or more frequent tests required after a certain age?

ANSWER: The number of older persons in our society is expected to increase dramatically in the years ahead. These individuals will enjoy better health and more active life styles with a resultant desire and need for mobility, especially through the use of private passenger cars. Although older drivers (over 60 years of age) are overrepresented in crashes on the basis of mileage driven, they actually have fewer accidents in terms of absolute numbers than their proportion of the driving population would suggest. Mounting evidence indicates that a substantial portion of our elderly citizens who drive compensate for deteriorating physical and mental skills by voluntarily changing their driving habits and practices. Reduced driving at night and in unfamiliar surroundings are two examples of compensatory actions that many older drivers take.

Since State driver licensing and control actions are based largely on individual driving experience -- e.g., number of violations and/or accidents over time -- the use of age per se as a criterion for special testing requirements would be inconsistent with current practices. As future research provides more information on discrete performance skills and abilities and their relationship to safe driving, the effects of the aging process on these attributes can be better determined and more effective testing procedures explored for screening driver license applicants.

QUESTIONS SUBMITTED BY SENATOR INOUE

EMERGENCY MEDICAL SERVICES

SENATOR INOUE: Last year, the Committee highlighted the importance of the Department working collaboratively with the U.S. Department of Health and Human Services (DHHS) to develop model demonstration programs for prehospital transport personnel to obtain education and training in the unique needs of children and their families. The Committee understands that such a model program was established with the Children's Hospital of Washington, D.C.

The Committee would appreciate learning more about the specifics of the programs...What plans does the Department have for developing similar projects with other facilities across the nation?

ANSWER: In reviewing the national curricula and training materials for emergency medical technicians (EMTs) and paramedics, the Department recognized that despite their program competence in handling adult emergencies, these prehospital personnel receive

only minimal education and training in pediatric life support skills. As a result, the Department joined with DHHS in sponsoring a prehospital instructor pediatric training program through the Children's Hospital National Medical Center (CHNMC).

The project is one which is national in scope. It consists of the development of a nationally endorsed curriculum, training materials, as well as the actual training of some 100 prehospital instructors across the nation over the next three years. Thirty EMS instructors are targeted for training during the current fiscal year. DHHS is sponsoring the development of the curriculum and the training materials, while the Department is funding the actual training of instructors and the follow-up evaluation to determine the number of continuing education training programs sponsored in the States by those instructors who were trained.

The national training program offered through CHNMC is considered an immediate and short-term solution to a need identified by Congress and the Departments involved. The long-term solution to this need is to expand the basic skill and training requirements for EMTs and paramedics. This is being accomplished by Department participation and support of the National Consensus Voluntary Standards Organization for Emergency Medical Services (ASTM-F30.0 Committee). Department representatives on the Training Sub-committee have introduced changes in the basic skill requirements and curricula for EMTs and paramedics to expand training and education in the pediatric life support area. As a result, the Department does not believe that there is a need at this time for additional joint projects of the type that is currently being sponsored through the CHNMC.

SENATOR INOUE: The Committee last year also directed the Department to support research into the behavioral and developmental factors involved in the use of car restraints used by children and their families. The Committee would appreciate learning exactly what activities have been supported during the past year in this area.

ANSWER: We have initiated a number of actions to promote more widespread use of child safety seats and reduce the incidence of their improper use. In 1984, a study was conducted to determine the factors associated with the mis-use of child safety seats. While research has shown substantial increases in the use of child safety seats during the last couple of years, it has also revealed that the majority of the seats in use are being used incorrectly. To gather more precise information on this problem, observers were stationed at "fast food" restaurant parking lots in ten cities to visually inspect child safety seat installation and interview drivers (parents) in cars regarding the incorrect use of the child safety seats. The results of this study are being used as a basis for development of material to influence parents to use child safety seats correctly.

In spite of state laws requiring the use of child safety seats and recent increases in use, about 40 percent of children are still travelling in cars completely unprotected. A special study will be undertaken this year to determine the reasons why child safety seats are not being used and to develop approaches to remedy this situation.

SUBCOMMITTEE RECESS

Senator ANDREWS. The committee will now stand in recess until our next hearing on Tuesday, March 5 at 10 a.m., same room, when we hear the Federal Highway Commission and the Panama Canal Commission.

[Whereupon, at 10:50 a.m., Thursday, February 28, the committee was recessed, to reconvene at 11 a.m., Tuesday, March 5.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, MARCH 5, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 11 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Present: Senators Andrews and Abdnor.

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

STATEMENT OF RAY A. BARNHART, ADMINISTRATOR, FEDERAL HIGHWAY ADMINISTRATION

ACCOMPANIED BY:

LESTER P. LAMM, DEPUTY ADMINISTRATOR, FEDERAL HIGHWAY ADMINISTRATION

RICHARD D. MORGAN, EXECUTIVE DIRECTOR

INTRODUCTION OF WITNESS

Senator ANDREWS. The subcommittee will come to order. Today we are privileged to hear from the Federal Highway Administration. We have Ray Barnhart, the Federal Highway Administrator. Welcome, Mr. Administrator. Glad to have you here.

Mr. BARNHART. Thank you, Senator.

Senator ANDREWS. I would like to put Senator Chiles' opening remarks in at this time. Let me assure you that your whole statement will appear in the record as though read in its entirety. You may summarize it any way you wish.

[The statement follows:]

STATEMENT OF SENATOR LAWTON CHILES

Administrator Barnhart, I wish to welcome you to this hearing. Your agency plays a key role in the life of the Nation by helping to provide and maintain the highways and bridges so important to American commerce. We have reviewed your statement and note that for fiscal year 1986, \$14.3 billion of obligations are proposed. While this budget proposal is an important next step, I believe that it is also important to begin

to consider the future direction of the highway program. As you know, there have been dramatic shifts in the Nation's population over the past several years and these changes are projected to continue in the future, at least for the rest of this century. These changes mean that we need to begin reassessing the current formulas and policies for distributing Federal aid highway funds to insure that we are spending our scarce highway dollars where they are most needed.

I look forward to hearing your views on the future of the highway program.

PREPARED STATEMENT

Mr. BARNHART. Well, I think the statement could stand in itself. We will submit it for the record. I have with me, Les Lamm, the Deputy Administrator, and Dick Morgan, Executive Director, so we can get right down to the meat of the matter, if you care to.

[The statement follows:]

STATEMENT OF RAY A. BARNHART

It is again a great pleasure to appear before this Committee and to present the F.Y. 1986 Budget Estimate of the Federal Highway Administration. Please allow me to introduce the other witnesses who will assist me this morning:

Implementation of the Surface Transportation Assistance Act

Before describing our F.Y. 1986 Budget Request, I would like to highlight our implementation of the 1982 Act.

In spite of the absence of full ICE or ISCE approval, last year was still a very productive one for the highway program. During F.Y. 1984, the States reached the obligation ceiling of \$12.520 billion and total Federal-aid program obligations were \$13.047 billion, significantly exceeding previous obligational levels.

With the exception of Interstate construction, all major programs continued during F.Y. 1984 to make substantial progress in those programs for which authorization increases were provided by the STAA. Federal-aid obligations increased by 44 percent for Interstate 4R, 16 percent for primary, 30 percent for bridge replacement and rehabilitation, and 34 percent for construction safety. These percentages reflect increases in F.Y. 1984 over F.Y. 1983 which, as you well know, was itself a record year.

I would also like to highlight our implementation of the section 105(f) of the STAA, which is the small business owned by disadvantaged individuals program (DBE). In F.Y. 1984 DBE prime contract awards and subcontract commitments represented 13 percent of total contract funds committed for the Federal-aid program, exceeding the 10% requirement.

We also have made excellent progress in promulgating

necessary rules and guidance called for by the Act. Essentially, all major provisions of the STAA requiring implementation by regulation or guidance have been implemented. In short, I believe our stewardship of the provisions of the STAA has been a good and faithful one.

F.Y. 1984 Accomplishments

I would like to mention a few of the F.Y. 1984 accomplishments which we consider noteworthy as well as some of our emphasis areas for the current and future years.

o Program Level

Obligations for "Federal-aid Highways" in 1984 exceeded \$13.0 billion, making last year the highest year ever for obligations.

o Interstate System

An additional 108 miles were put into service and another 188 miles were put under contract, leaving only about 975 miles of the 42,500 mile system, to be put under initial construction.

o Interstate 4R

Resurfacing, restoration, rehabilitation and reconstruction projects were again emphasized--obligations for these activities exceeded \$2.5 billion.

o Bridge Replacement and Rehabilitation

In the Highway Bridge Replacement and Rehabilitation program, obligations exceeded \$1.8 billion in 1984.

o Highway Safety

Approximately \$486 million were obligated for the various safety construction programs.

o FHWA Disadvantaged Business Enterprise

Prime contracts and subcontracts totalling \$1.27 billion

were awarded to disadvantaged business and \$295.2 million in prime contracts and subcontracts were awarded to firms owned and/or controlled by women.

These amounts represent very dramatic increases in FHWA participation in these programs and I am very proud of our progress.

o Cost Avoidance Reduction and Efficiency (CARE)

FHWA, as part of its management improvement efforts, continues to emphasize the implementation of a cost avoidance reduction and efficiency program (CARE). This program, which was initiated in F.Y. 1981, has produced very positive results. During 1984 total reported savings and/or cost reductions exceeded \$396 million, an amount almost double FHWA's total administrative expenses.

Current and Future Emphasis

In fiscal years 1985 and 1986, we will continue our efforts to fully implement the programs and activities of national interest identified by the Congress in the STAA. During F.Y. 1985 and F.Y. 1986, we will concentrate on:

- o Safety
- o Disadvantaged Business Enterprise (DBE)
- o Effective Implementation of STAA Funding
- o Quality Design and Construction

Summary of the Budget

Our F.Y. 1986 Budget Request is based on the 1982 Surface Transportation Assistance Act, Public Law 97-424 and the Administration's overall budget strategy of controlling Federal spending to assist in the deficit reduction effort. I will now highlight a few key elements:

Key ElementsProgram Levels

The program levels or obligations are the most meaningful indicator of budget activity. We anticipate total obligations of about \$14.3 billion which includes about \$14.240 billion for the Federal-aid highways account, \$14 million for the Motor Carrier Safety account, and \$14 million for Motor Carrier Safety Grants.

o Federal-aid Highways

This, of course, is our principal program which provides the basic foundation of the Government's efforts to assist States and localities in developing and improving the national highway system.

For F.Y. 1986, we are proposing an obligation limitation of \$13.250 billion, the same level as enacted for F.Y. 1985, with the Emergency Relief and Minimum Allocation programs exempt from this limitation.

All other provisions of the proposed limitation are the same as enacted for F.Y. 1985.

The budget proposes merger within the Interstate Transfers category of highway and transit substitute projects.

A liquidating cash appropriation in the amount of \$13.836 billion is requested for F.Y. 1986.

o Motor Carrier Safety Operations

Our request for the on-going motor carrier safety program is \$13.639 million. Program activities will concentrate on high risk motor carrier operations, particularly those related to transporting hazardous materials, and to provide safety equipment and hazardous cargo training and technical

assistance to State enforcement agencies. The decrease of \$427 thousand from the F.Y. 1985 Appropriations Act results primarily from a 10% government-wide reduction in certain administrative costs, a 5% pay reduction, and other management savings initiatives.

Our request for F.Y. 1986 also reflects budget savings of \$164 thousand in F.Y. 1985 effected by the Deficit Reduction Act.

o Motor Carrier Safety Grants

Our budget includes a request for \$14.0 million for Motor Carrier Safety Grants. This program, authorized by the 1982 Surface Transportation Assistance Act, provides grants to States for enforcement of Federal motor carrier safety standards and compatible state standards. An amount of \$14.0 million was appropriated for F.Y. 1985, and our F.Y. 1986 proposal would maintain that level.

o General Operating Expenses

This account provides funding for virtually all of the salaries, expenses, and research and development programs of FHWA. Our request for a F.Y. 1986 limitation is \$199.5 million compared with \$204.5 in F.Y. 1985.

As always, the change from one year to another is the result of numerous "gives and takes." Our only adjustment to the 1985 base is solely to cover the full year cost of the January 1985 pay raise which equates to \$2.6 million. Program decreases include \$3.1 million associated with several management savings such as a 10% across-the-board reduction in certain other objects, SLUC and ADP savings, savings under OMB Circular A-76, and from the Grace Commission staffing reductions. A reduction of \$4.3 million is also being made associated with the proposed 5% pay reduction.

Our F.Y. 1986 budget for this account takes into consideration \$2.2 million in F.Y. 1985 budget savings effected by section 2901 of the Deficit Reduction Act and again includes appropriation language which permits us to charge non-Federal personnel a portion of the cost for training received from our National Highway Institute.

o Other Details

There are other programs which I have not yet mentioned, but are noteworthy and I would like to discuss them briefly at this point.

Highway-Related Safety Grants - The 1982 STA Act provided authority in the amount of \$10 million for this program for F.Y. 1985 and 1986. Our F.Y. 1986 budget proposal is to utilize the entire program amount and obligation limitation provided. A liquidating cash appropriation of \$9,000,000 is requested to pay States claims in F.Y. 1986.

Right-of-Way Revolving Fund - As part of the Administration's overall effort to assure prudent management of Federal credit programs, the F.Y. 1985 limitation of \$50 million on gross obligations is proposed for continuation in 1986.

Conclusion

We will be happy to discuss the estimates in detail, answer your questions, and provide additional information that may be helpful to the Committee in reaching its decisions on our budget request.

RECENT CONGRESSIONAL ACTION ON INTERSTATE COST ESTIMATES [ICE]

Senator ANDREWS. Mr. Administrator, on Saturday, February 23 the Senate passed S. 391, the Interstate Highway Funding Act of 1985 containing the ICE approval.

How much funding and in what areas is made available to the States through the ICE approval?

Mr. LAMM. Mr. Chairman, we are very pleased the Senate did make this approval. Last week, following on the Senate approval, the House passed their corresponding legislation, too, but until the two bodies get together and resolve some differences between the two versions of the cost estimate, we are not able to release any funding.

AMOUNT OF FUNDS TO BE RELEASED

Senator ANDREWS. How much money is made available if the conference works out and they come up with a reasonable facsimile of the Senate-passed bill?

Mr. BARNHART. About \$7 billion is what will be made available. There is still a catch, of course, on getting the two bodies together.

I would point out that one good provision of the Senate bill is that we would not run into a problem of future ICE holdups. The House, however, has passed out only an 18-month ICE which would get us only through September of this year.

PROPOSAL FOR ADMINISTRATIVE UPDATES OF COST ESTIMATES

Senator ANDREWS. Is the administration going to forward to the Congress a legislative request to correct that problem?

Mr. BARNHART. I think that will be resolved in conference very shortly, Senator. We have endorsed the House proposal for a clean 18-month ICE.

Senator ANDREWS. I know, but you didn't ask. The administration, as you know, Mr. Administrator, always has the ability in its own right to ask for or to make recommendations on legislation. We would have hoped that the administration would come up and ask for an automatic trigger.

What we have is hardly cost effective. It doesn't meet the needs of the contractors. It doesn't meet the needs of the States. In the bottom line it fails miserably to meet the needs of the traveling public.

Mr. BARNHART. We will address that issue in our major reauthorization package.

Senator ANDREWS. Which will come up when, Mr. Administrator?

Mr. BARNHART. Hopefully as soon as we can get through the ICE bill and get it resolved. Quite frankly, I have not wanted to submit any major legislation until such time as we have a resolution of the ICE.

I think it will be extremely complicated and very difficult. I suspect it will be some time before we can get a major package for reauthorization out.

NUMBER OF STATES WITH INSUFFICIENT INTERSTATE APPORTIONMENTS

Senator ANDREWS. Well, Mr. Administrator, given this whole problem situation in States' funding through ICE, how many States are out of or nearly out of Federal highway funds?

Mr. BARNHART. We have now about 42 States that collectively have \$21 million between them for interstate construction.

Senator ANDREWS. In other words, we have just eight States that have funds on hand?

Mr. BARNHART. Yes; basically that is correct, sir.

Senator ANDREWS. What States are those?

Mr. BARNHART. I can give you for the record a listing of our most recent account.

Senator ANDREWS. That will be fine, Mr. Administrator.
[The information follows:]

INTERSTATE CONSTRUCTION FUNDS
ANALYSIS OF UNOBLIGATED BALANCES
AS OF MARCH 8, 1985
(THOUSANDS OF DOLLARS)

STATE	UNDER \$1 MILLION	\$1-5 MILLION	\$5-10 MILLION	\$10-20 MILLION	OVER \$20 MILLION	TOTAL
ALABAMA	0	0	0	0	0	0
ALASKA *	13	0	0	0	0	13
ARIZONA	1	0	0	0	0	1
ARKANSAS *	0	4,363	0	0	0	4,363
CALIFORNIA	0	0	0	0	0	0
COLORADO	0	0	0	0	0	0
CONNECTICUT	28	0	0	0	0	28
DELAWARE *	334	0	0	0	0	334
FLORIDA	0	0	0	0	0	0
GEORGIA	0	3,695	0	0	0	3,695
HAWAII	0	0	0	0	43,830	43,830
IDAHO *	0	0	0	0	0	0
ILLINOIS	1	0	0	0	0	1
INDIANA *	0	0	9,761	0	0	9,761
IOWA *	52	0	0	0	0	52
KANSAS	0	0	0	0	0	0
KENTUCKY	0	3,880	0	0	0	3,880
LOUISIANA	0	4,530	0	0	0	4,530
MAINE *	51	0	0	0	0	51
MARYLAND	0	0	0	15,744	0	15,744
MASSACHUSETTS	0	0	0	0	31,637	31,637
MICHIGAN	0	0	0	0	0	0
MINNESOTA	356	0	0	0	0	356
MISSISSIPPI *	140	0	0	0	0	140
MISSOURI	10	0	0	0	0	10
MONTANA *	9	0	0	0	0	9
NEBRASKA *	0	0	0	0	0	0
NEVADA *	0	0	0	0	0	0
NEW HAMPSHIRE *	352	0	0	0	0	352
NEW JERSEY	0	0	0	0	0	0
NEW MEXICO *	0	0	6,418	0	0	6,418
NEW YORK	0	0	0	0	77,034	77,034
NORTH CAROLINA	101	0	0	0	0	101
NORTH DAKOTA *	808	0	0	0	0	808
OHIO	253	0	0	0	0	253
OKLAHOMA	793	0	0	0	0	793
OREGON	0	2,467	0	0	0	2,467
PENNSYLVANIA	30	0	0	0	0	30
RHODE ISLAND	0	0	9,850	0	0	9,850
SOUTH CAROLINA	0	0	0	0	0	0
SOUTH DAKOTA *	0	2,410	0	0	0	2,410
TENNESSEE	117	0	0	0	0	117
TEXAS	954	0	0	0	0	954
UTAH	5	0	0	0	0	5
VERMONT *	0	0	0	0	0	0
VIRGINIA	26	0	0	0	0	26
WASHINGTON	0	1,526	0	0	0	1,526
WEST VIRGINIA	672	0	0	0	0	672
WISCONSIN	0	0	0	0	0	0
WYOMING *	0	0	0	0	0	0
DIST. OF COL.	0	0	0	10,233	0	10,233
TOTAL	5,106	22,871	26,029	25,977	152,501	232,484
NO. OF STATES	36	7	3	2	3	51

* INDICATES ONE-HALF PERCENT MINIMUM STATE

FISCAL YEAR 1985 OBLIGATION LIMITATION

Senator ANDREWS. For fiscal year 1985 the obligation ceiling is \$13.25 billion. Do you believe the States will reach the ceiling this year?

Mr. LAMM. Only if Congress passes the ICE bill we have just been talking about, Mr. Chairman. If that bill is passed soon enough to get into State obligations before September 30, then we will.

Senator ANDREWS. When does the ICE have to be passed to get that ceiling?

Mr. LAMM. In the northern tier of States, including your own, Mr. Chairman, unless we get the ICE through by, we are told, the end of April, the States will not even begin to have any construction projects for the 1985 construction season, and then the next tier of States south would need to have the approval before the end of May and so forth.

INTERSTATE SUBSTITUTE PROGRAM—TRANSIT PROJECTS

Senator ANDREWS. In the administration budget the Transit Substitute Programs are to be funded out of the Highway Trust Fund.

How would this transfer work? Are you going to have increased funding to accommodate this program?

Mr. BARNHART. No; our proposed budget goes up to \$725 million. Of course it will take some changes, rescission of the \$400 million that would come out of the general fund normally, but it will all have to come out of that \$725 million pot.

Senator ANDREWS. Would the transit program be subject to the obligation limitation?

Mr. BARNHART. Yes; it would.

DIFFERENT DISCRETIONARY PERCENTAGES FOR SUBSTITUTE PROJECTS

Senator ANDREWS. The Transit Substitute Program allocates 50 percent of the program through a discretionary process. The Highway Substitute Program dispenses 25 percent of the program through discretion.

How do you reconcile these two ways of doing business?

Mr. BARNHART. There will have to be a legislative change made. That proposal has not yet been developed, but it will be forthcoming.

Senator ANDREWS. Do you know when we are going to see that legislation to effect that change?

Mr. LAMM. That particular bill may come up on its own merits, Mr. Chairman. As Mr. Barnhart already mentioned, the major long-term highway reauthorization bill will await final passage of the ICE.

INCREASED TRANSFERABILITY OF HIGHWAY FUNDS

Senator ANDREWS. Regularly bills are introduced that would allow States greater flexibility in the use of their apportioned funds, for example, shifting funds from one program to another which, in the States' estimate, has a higher priority.

What is the Department's position, Mr. Administrator, on granting the States greater discretion over the use of those funds? Do you agree with such bills?

Mr. BARNHART. It depends on the technicalities of it, but we are exploring that ourselves because we do think there should be more flexibility to get better value out of the dollar and better placement of it.

We are looking at that and probably will incorporate that into our legislation.

DESIGNATED MILEAGE AND TANDEM TRUCK SAFETY ACT

Senator ANDREWS. How many miles, Mr. Administrator, of interstate highway has been removed from the national network of highways pursuant to the Tandem Truck Safety Act of 1984?

Mr. LAMM. Nothing has been removed, Mr. Chairman.

Senator ANDREWS. How many applications are pending involving the removals?

Mr. LAMM. We have had discussions with one State, and those discussions are underway right now, but as yet we haven't reached agreement on removing anything.

Senator ANDREWS. Just one State?

Mr. LAMM. One State so far, yes, sir.

Senator ANDREWS. How many miles does that application cover?

Mr. LAMM. I am not exactly certain because the application deals with the interstate highways in and around New York City. Our original June 1984 system did not have many miles on the system in New York City anyhow.

Senator ANDREWS. Since the June 1984 Federal Register announcement on the national network, how many additions or how many miles have been added to the network?

Mr. LAMM. We haven't had any changes sir.

COMPLETION OF DESIGNATED NATIONAL NETWORK

Senator ANDREWS. How would you describe the network in terms of completion, are there still outstanding gaps?

Mr. LAMM. There are portions of the designated routes where there are lanes less than 12 feet wide, and it is obvious as we look at the construction program that most States are trying to focus their construction funds on those routes that are going to be carrying the longer and wider trucks.

Senator ANDREWS. Are these gaps strategically located?

Mr. LAMM. There are a few of them that were strategically located to the extent that they prevented some long routes being added to that system as of June 1984.

Senator ANDREWS. What percent of the network would you estimate is in place?

Mr. LAMM. Right now there is roughly 60 percent of the eligible miles, that is, primary and interstate highways lumped together which are on that June 1984 system.

FHWA DESIGNATED TRUCK MILEAGE

Senator ANDREWS. Can you provide the committee for the record a map of the national network?

Mr. LAMM. We can provide, Mr. Chairman, a State-by-State table. The maps, when you deal with the individual routes, begin to get very difficult to read. We have a table here which we can provide to the committee.

Senator ANDREWS. OK. The table will be fine.

[The information follows:]

FINAL DESIGNATED TRUCK MILEAGE—1984

JUNE 1, 1984

SHOWING PERCENT OF FAP AND TOTAL MILEAGES

STATE	OPEN-TO-TRAFFIC MILEAGE 2/				NON-INTERSTATE DESIGNATED TRUCK ROUTE MILEAGE	TRUCK ROUTE MILEAGE INCLUDING FAP AND INTERSTATE	ANALYSIS		
	INTERSTATE	NON-INTERSTATE FEDERAL-AID PRIMARY	TOTAL FEDERAL-AID INCLUDING INTERSTATE	TOTAL PUBLIC ROAD MILEAGE			DESIGNATED MILEAGE AS PERCENT OF NON-INTERSTATE PRIMARY	TRUCK ROUTE MILEAGE	
								AS PERCENT OF TOTAL PRIMARY INCLUDING INTERSTATE	AS PERCENT OF TOTAL PUBLIC ROAD MILEAGE
ALABAMA	824	6,607	7,431	87,483	940	1,764	14.23	23.74	2.02
ALASKA	1,092	1,548	2,640	9,885	-	468	0.00	17.73	4.73
ARIZONA	1,143	3,482	4,625	76,290	1,351	2,494	38.80	53.92	3.27
ARKANSAS 1/	540	5,192	5,692	76,649	5,138	5,678	99.73	99.75	7.41
CALIFORNIA	2,263	11,200	13,463	172,888	1,827	4,090	16.31	30.38	2.35
COLORADO	916	4,315	5,231	75,433	4,265	5,181	98.84	99.04	6.87
CONNECTICUT	293	1,311	1,604	19,479	129	422	9.84	26.31	2.17
DELAWARE	41	424	465	5,269	171	212	40.33	45.99	4.02
DIST. OF COL.	12	158	170	1,102	5	17	3.16	10.02	1.54
FLORIDA	1,252	8,402	9,654	92,797	724	1,976	8.62	20.47	2.11
GEORGIA	1,163	10,196	11,359	104,253	564	1,727	5.53	15.20	1.66
HAWAII	36	512	548	4,172	139	175	27.15	31.93	4.19
IDAHO	603	2,614	3,217	68,395	2,194	2,797	83.93	86.94	4.09
ILLINOIS	1,711	9,723	11,434	134,405	5,123	6,834	52.89	59.77	5.08
INDIANA 1/	1,114	4,983	6,099	91,654	4,985	6,099	100.00	100.00	6.65
IOWA	736	8,870	9,606	112,188	5,864	6,600	66.11	68.71	5.88
KANSAS 1/	808	8,109	8,913	132,207	8,100	8,908	99.94	99.94	6.74
KENTUCKY	737	3,723	4,460	68,674	2,309	3,046	62.02	68.30	4.44
LOUISIANA 1/	687	3,111	3,798	56,932	3,111	3,798	100.00	100.00	6.67
MAINE	313	1,993	2,306	21,953	59	372	2.96	16.13	1.69
MARYLAND	381	2,118	2,499	27,133	407	788	19.22	31.53	2.90
MASSACHUSETTS	552	2,229	2,781	33,800	93	645	4.17	23.19	1.91
MICHIGAN	1,131	5,930	7,061	117,425	4,519	5,650	76.21	80.02	4.81
MINNESOTA	873	9,314	10,187	131,214	4,023	4,896	43.19	48.06	3.73

FINAL DESIGNATED TRUCK MILEAGE—1984—Continued

MISSISSIPPI	1/	685	5,387	6,072	70,786	5,387	6,072	100.00	100.00	8.58
MISSOURI		1,119	6,937	8,056	118,610	2,359	3,478	34.01	34.01	2.93
MONTANA		1,128	5,496	6,624	71,432	5,464	6,592	99.42	99.52	9.23
NEBRASKA	1/	481	7,261	7,742	91,901	7,246	7,727	99.79	99.81	8.41
NEVADA		535	1,845	2,380	43,650	1,813	2,348	98.27	98.66	5.35
NEW HAMPSHIRE		201	1,148	1,349	14,467	54	255	4.70	18.90	1.76
NEW JERSEY		338	1,440	1,778	33,652	116	454	8.06	25.53	1.35
NEW MEXICO		999	3,567	4,566	53,792	1,464	2,463	41.04	53.94	4.58
NEW YORK		1,428	8,362	9,790	109,825	496	1,924	5.93	19.65	1.75
NORTH CAROLINA		775	4,324	5,099	82,921	2,508	3,283	58.00	64.39	3.53
NORTH DAKOTA		571	5,590	6,161	86,041	1,640	2,211	29.34	35.89	2.57
OHIO	1/	1,537	5,552	7,089	111,150	5,552	7,089	100.00	100.00	6.38
OKLAHOMA	1/	925	5,309	6,230	109,875	5,126	6,051	96.63	97.13	5.51
OREGON	1/	707	4,358	5,665	133,734	3,327	4,034	67.10	71.21	3.02
PENNSYLVANIA	1/	1,497	9,930	11,427	115,964	617	2,114	6.21	18.50	1.82
RHODE ISLAND		72	373	445	6,275	16	80	4.29	19.78	1.40
SOUTH CAROLINA		756	5,486	6,242	63,015	1,162	1,918	21.18	30.73	3.04
SOUTH DAKOTA	1/	656	5,851	6,507	73,249	5,851	6,507	100.00	100.00	8.88
TENNESSEE		1,029	5,885	6,914	83,757	1,582	2,611	26.88	37.76	3.12
TEXAS	1/	3,077	16,635	19,712	272,427	16,635	19,712	100.00	100.00	7.24
UTAH		787	2,576	3,363	44,147	1,058	1,845	41.07	54.86	4.18
VERMONT		309	1,098	1,407	13,942	30	339	2.73	22.09	2.43
VIRGINIA		1,018	5,396	6,414	64,905	1,504	2,522	27.87	39.32	3.89
WASHINGTON	1/	705	4,977	5,682	83,324	4,977	5,682	100.00	100.00	6.82
WEST VIRGINIA		429	2,433	2,862	34,568	238	667	9.78	23.31	1.93
WISCONSIN		577	8,945	9,522	108,059	3,397	3,974	37.98	41.73	3.68
WYOMING	1/	898	2,980	3,878	36,945	2,918	3,816	57.92	98.40	10.33
PUERTO RICO		224	426	550	7,991	108	311	25.35	47.85	3.89
U.S. TOTAL		42,684	256,185	298,869	3,874,287	138,685	180,724	54.13	60.47	4.66

1/ THESE STATES HAVE DESIGNATED ADDITIONAL MILEAGE OTHER THAN THE FEDERAL-AID PRIMARY (FAP) SYSTEM.
 2/ MILEAGE AS OF DECEMBER 31, 1982, COMPILED IN COOPERATION WITH STATE AUTHORITIES.

STATES UNWILLING TO PERMIT OVERSIZE VEHICLES

Senator ANDREWS. Do you believe that States have become more resolute in their unwillingness to permit 48-foot semi-trailers, 28-foot double trailers, 102-inch-wide vehicles on roads whether they be on the interstate or the primary system?

Mr. LAMM. We really haven't seen any national pattern prior to the publication of our final listing as of last June.

I would characterize most States as being certainly willing to support the intent of the legislation. There have always been problems, but those problems have been with a small number of States rather than the Nation as a whole.

Senator ANDREWS. And you think it is something you can handle?

Mr. LAMM. We have been able to handle it to the extent that we were able to produce the system as of last June. I am sure the committee hears as we hear that individual members of the trucking community would like to have additional routes added to that system.

PARKWAY AND PARK ROADS RESCISSION

Senator ANDREWS. The budget proposes a rescission of \$100 million of 1986 contract authority, Mr. Administrator, for parkways and park highways; why?

Mr. BARNHART. That was an add-on by OMB. I think they could probably address that better than I.

Senator ANDREWS. Who made the proposal, DOT or the Department of the Interior?

Mr. BARNHART. I do not believe either one made that proposal. I think that was a passback through OMB.

Senator ANDREWS. That is our friend Davey the Stockman?

RATIONALE FOR RESCISSION

Mr. BARNHART. Well, he has a tremendous problem, Senator, and I sympathize with him very much. At the same time it poses some problems, but there is no sense in trying to skirt the issue.

The fact is that it was a passback from OMB, and certainly a necessary thing to try to get some of this Government cost under control.

RESPONSIBILITY FOR PARKWAY AND PARK ROADS

Senator ANDREWS. Do you, Mr. Administrator, monitor this program or review Interior's prospectus of planned projects?

Mr. BARNHART. Yes; we act in cooperation with Interior on the design and the construction. However, the targeting, the prioritizing, is done by Interior, but it is a cooperative thing.

Senator ANDREWS. How much of the \$275 million provided to date has been obligated or spent?

Mr. LAMM. We were current through 1984, Mr. Chairman, that is, all of the funding available in 1983 and 1984 was obligated.

Senator ANDREWS. Has Interior or DOT appealed this rescission?

Mr. BARNHART. DOT has not, Federal Highway has not. I would think that would be more an issue for Interior since we respond to their requests.

SPECIAL PROBLEMS OF "GROWTH" AREAS

Senator ANDREWS. Senator Chiles, who is my good friend and colleague, the ranking minority member on the subcommittee, is up on the Budget Committee where I am supposed to be, too, and will be shortly, Mr. Administrator. He has one question that he wanted to make sure that we asked right now instead of leaving it for the record.

Based on Census Bureau projections, 25 States will have a population growth during the 1980's of at least 10 percent. Some States, such as Nevada, will grow almost 60 percent.

This growth, of course, particularly affects metropolitan areas where traffic congestion is becoming a real problem.

In Orlando, for example, in order to accommodate this growth they want to build a new beltway around the city that will cost approximately \$1 billion.

How can Federal Highway Administration programs be changed to address the growth area problems across the country?

Mr. BARNHART. Senator, we are going to have continuing problems of funding because of the availability of money. At the same time the Senate has requested that we reduce our spending significantly, half a billion dollars or so.

I have told many of the Senators that we could live with that if we could have some programmatic relief that would allow us to better utilize the money we are spending right now.

IMPROVING HIGHWAY PROCEDURES

Certainly we are going to have to improve our procedures, but I would hope we could get rid of some of the oppressive regulations that we have to comport with that deny us proper utilization of our funds.

And we have all kinds of illustrations. Much of it goes right down to the environmental issue, which is a sacred issue.

H-3 IN OAHU, HI

We have a major road over in Hawaii that has been under attack now by a handful of people for a dozen years, and the cost of that project has risen from approximately \$220 million to almost three-quarters of a billion dollars.

If that road doesn't go in, in 15 years that island over there is going to be in chaotic shape and, yet, a ninth circuit court has issued a ruling, and I will be coming to the Senate to see if we can't get some exceptions for that, but I think it is an unconscionable abuse of taxpayers' dollars the way we have to spend money.

For example, on billboards. We have spent \$230 million buying billboards around this country with \$1 billion remaining to buy billboards.

Senator ANDREWS. Mr. Administrator, are you looking for a legislative solution out of that or are you going to appeal the court's ruling?

Mr. BARNHART. I think we are going to have to come to a legislative resolution on that one issue.

TOLL LEGISLATION

Senator ANDREWS. You mentioned a minute ago, Mr. Administrator, that you felt you ought to have more leeway to respond to these questions that concern Senator Chiles, concern me, concern every thoughtful person.

One suggestion that has been made is to permit locally raised toll revenue to be matched with Federal funds.

What is your view in regard to permitting Federal funds to be used to match toll revenues for capacity enhancement purposes?

Mr. BARNHART. I have been trying to get that through, and I hope that that will be in our package.

Right now Federal funds are limited to usage on toll tunnels or toll bridges, and you can't use Federal funds on toll roads.

I think it is inconsistent. I think the States ought to have the option, we ought to give them the option to use some of their funds to make feasible those roads if they so choose. That will be a part of our package.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much, Mr. Administrator. I am going to quit while I am ahead. I have some more questions for the record. Senator Chiles has some questions for the record, and the other members of the subcommittee may well have questions for the record.

We appreciate your cooperation, and congratulations on the job you are doing. Good to have you back.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

MINIMUM ALLOCATION FORMULA

SENATOR ANDREWS: S.391 changes the formula which estimates funds for the minimum allocation program. What is the effect of this change? Under current law, what is the estimate of minimum allocation funds for 1986? What is the estimate for the program under S.391?

ANSWER: The effect of the change to include allocations in the minimum allocation formula under Section 124 of S.391 is to increase the base on which the apportionment is calculated. This change benefits States which receive little or no allocations as the minimum guaranteed amount is increased and has the reverse effect on States with substantial allocations, in that their apportionments/allocations amount is increased. However, S.391 also provides that no State should be adversely impacted by this change.

The following table shows the estimated FY 1986 minimum allocation funds under current law and per S.391. The S.391 calculation includes the provision that no State will be adversely impacted by the change in the formula under Section 124 of S.391.

Estimated FY 1986 Minimum Allocation Funds

<u>State</u>	<u>Current Law</u>	<u>S.391</u>	<u>S.391 Provides More</u>
Arkansas	-0-	\$2,817,308	\$2,817,308
California	\$112,061,299	118,485,019	6,423,720
Florida	-0-	19,671,793	19,671,793
Illinois	14,522,731	14,522,731	-0-
Indiana	63,289,420	69,995,829	6,706,409
Michigan	32,019,100	42,326,222	10,307,122
N. Carolina	58,421,171	85,443,921	27,022,750
Ohio	69,583,126	111,207,951	41,624,825
Oklahoma	33,495,889	48,353,804	14,857,915
S. Carolina	-0-	12,431,649	12,431,649
Tennessee	1,997,443	1,997,443	-0-
Texas	202,880,947	262,105,274	59,224,327
Wisconsin	<u>28,725,071</u>	<u>44,237,008</u>	<u>15,511,937</u>
Total	616,996,197	833,595,952	216,599,755

FUNDING EFFECT OF INACTION ON INTERSTATE COST ESTIMATE

SENATOR ANDREWS: The Senate Bill, S.391 exempts from the obligation ceiling the amount of funds returned by States in unused obligation authority in August 1984, because Interstate funds were not apportioned. What is the funding effect of this provision? Which States (and how much for each) turned back unused authority because of inaction on the ICE?

ANSWER: In August 1984, seven States released fiscal year (FY) 1984 obligation limitation for redistribution due to lack of Interstate apportionment. These States and amounts of net obligation authority released are as follows:

State	Amount
Alabama	\$6,300,000
Connecticut	6,000,000
Florida	58,386,451
New Jersey	17,708,000
Oklahoma	16,795,645
Utah	7,000,000
West Virginia	7,588,433
Total	119,778,529

Under the provisions of Senate Bill S.391, in FY 1986 these States would be permitted to obligate corresponding amounts above their share of the FY 1986 obligation limitation.

SENATOR ANDREWS: Why in the Administration Bill, didn't the Department ask for the "automatic trigger" provision, which allows for release of the Interstate funds each October 1st, if Congress has not approved an ICE?

ANSWER: The Administration submitted a draft bill entitled "The Emergency Highway and Transit Cost Estimates Approval of Act of 1985" on January 14. Because of the importance of quick approval of the ICE and ISCE, we did not include any highway program changes in this bill.

OBLIGATION CEILING

SENATOR ANDREWS: The Senate Bill establishes an obligation ceiling of \$12.75 billion (\$500 million below this year's ceiling and \$1.7 billion below that authorized for 1986 by the Surface Transportation Assistance Act of 1982), however, many programs are exempt from the ceiling. For Fiscal Year 1986 under the Senate Bill what is the total amount of funds exempt from the ceiling?

ANSWER: The estimated FY 1986 availability for programs exempt from the obligation ceiling as contained in S-391 is \$452.5 million.

SENATOR ANDREWS: What is the Department's position on programs that should or should not be subject to the obligation ceiling? Please elaborate and provide your rationale(s).

ANSWER: The obligation ceiling is placed on the Federal-aid highway program to slow the rate of spending for highways, thereby contributing to a reduction in the deficit. The Administration has long maintained that unless programs uniquely qualify for special treatment they should be included under the ceiling along with other Federal-aid programs. Emergency Relief, because of its intended purpose as a program to provide funds on an expedited basis, has been excluded from the ceiling. The minimum allocation program has also been excluded because of the inequity that would result by including minimum allocation funds in the base calculation to determine each State's share of the ceiling; the States that are not recipients of minimum allocation funds would receive proportionally less in obligation ceiling than the minimum allocation States.

SENATOR ANDREWS: Your proposed obligation ceiling for FY 1986 is \$13.25 billion the same as this year's ceiling (except that more programs are included in the ceiling). Is this "Freeze" based on programmatic reasons or is it proposed to affect outlay savings?

ANSWER: The proposal to freeze the 1986 obligation ceiling at the 1985 level is a part of the President's overall efforts to reduce the Federal budget deficit and in no way is this proposed freeze program related.

SENATOR ANDREWS: Mr. Administrator, in your statement you state that obligations increased for Interstate 4R Work, Primary Roads, Bridge Replacement and Construction Safety. How much of this increase was due to running out of Interstate funds and how much was due to increased emphasis on these programs?

ANSWER: As you know, only one-half of the Interstate funds were apportioned during 1984. Therefore, in order for the States to fully utilize their respective share of the obligation limitation they were forced to use the available balances of the non-Interstate programs. Thus, we believe that the primary reason associated with these higher obligations was the lack of Interstate construction apportionments. Another factor in some States, was that certain non-Interstate apportionments were subject to lapse at the end of FY 1984 and it was necessary to obligate these funds while they were still available.

RAIL-HIGHWAY GRADE CROSSINGS

SENATOR ANDREWS: The Surface Transportation Assistance Act of 1982 (STAA of 1982) has provided \$190 million a year for Fiscal Years 1983 through 1986 for safety improvements at rail/highway crossings. Is this a sufficient amount of funding to alleviate the safety hazards posed by rail/highway crossings?

ANSWER: The States have been able to put these funds to good use. Over the past 12 years this program has contributed substantially to the over 50 percent reduction in annual fatalities at rail-highway crossings. Considering the total available funds and all the safety hazards existing on the Nation's highways, we believe the \$190 million per year adequately addresses the relative needs of this particular program.

SENATOR ANDREWS: What has been the obligation experience in this program? That is, are the States using/obligating the funds apportioned to them?

ANSWER: Since the beginning of this program in FY 1974, \$1480.8 million or 92.6 percent of the \$1599.2 million made available to the

States had been obligated thru FY 1984. For Fiscal Years 1983 and 1984 obligations exceeded apportionments \$432.4 million to \$374.3 million.

SENATOR ANDREWS: For the record please provide a break down what was apportioned to and what was obligated by the States since 1983.

ANSWER: State by State apportionments and obligations for Fiscal Years 1983 and 1984 are shown in the following table:

State	Apportionments FY 83, 84	Obligations FY 83, 84
Alabama	7,417,083	10,413,628
Alaska	5,817,461	5,859,993
Arizona	3,595,943	3,273,670
Arkansas	5,755,843	9,097,485
California	23,344,121	20,016,771
Colorado	4,996,286	2,446,484
Connecticut	2,424,533	3,222,198
Delaware	1,165,120	1,817,579
Florida	11,525,197	11,284,531
Georgia	10,404,214	12,031,442
Hawaii	941,054	0
Idaho	3,508,874	4,171,923
Illinois	19,372,697	19,880,547
Indiana	12,922,106	12,821,530
Iowa	10,350,415	11,460,015
Kansas	11,117,831	13,003,125
Kentucky	6,153,829	10,857,500
Louisiana	7,381,106	4,251,540
Maine	2,249,242	1,935,646
Maryland	3,603,731	3,083,828
Massachusetts	4,604,859	4,593,071
Michigan	13,694,011	11,851,877
Minnesota	9,976,611	24,808,519
Mississippi	5,508,142	8,675,563
Missouri	10,027,951	16,509,205
Montana	4,094,113	1,768,601
Nebraska	6,841,257	7,326,727
Nevada	1,895,759	2,332,300
New Hampshire	1,518,368	1,148,563
New Jersey	6,364,376	7,232,480
New Mexico	2,721,693	3,329,190
New York	14,875,137	22,292,061
North Carolina	9,241,384	8,470,251
North Dakota	6,664,258	6,377,511
Ohio	15,967,069	18,864,229
Oklahoma	7,838,712	11,537,265
Oregon	5,094,775	2,025,439
Pennsylvania	13,801,858	34,847,867
Rhode Island	1,060,404	185,419
South Carolina	6,232,639	5,420,002
South Dakota	4,327,618	3,924,736
Tennessee	7,316,224	4,332,255
Texas	24,768,968	31,517,994
Utah	2,863,484	4,314,820

	Apportionments FY 83, 84	Obligations FY 83, 84
State		
Vermont	1,461,774	1,230,570
Virginia	6,479,594	5,128,768
Washington	6,976,619	8,953,540
West Virginia	3,836,850	4,001,288
Wisconsin	9,737,936	7,395,453
Wyoming	2,138,945	975,600
Dist. of Col.	516,948	61,202
Puerto Rico	1,801,988	0
Totals	374,300,000	432,361,708

SENATOR ANDREWS: The National Transportation Safety Board (NTSB) plans to investigate at least 50 grade crossing collisions this coming year. Has the Department done any studies in this area on the efficiency of the funds spent to date? If so, please provide for the record a summary of those findings. If not, do you intend to conduct such a study?

ANSWER: The States and Federal Highway Administration are required by Section 203 of the Highway Safety Act of 1973 to evaluate the results of improvements made with these funds. These results are reported annually to Congress in the Annual Report on Highway Safety Improvement Programs. In the most recent of these reports, it was stated that over 16,000 railroad crossing improvements have been made under this program. Fatal accidents have been reduced by 88 percent and injury accidents reduced by 59 percent at locations where grade crossing improvements have been made. The report notes that evaluated improvements implemented under this program indicate a savings of 1,750 fatalities and 8,400 injuries.

The NTSB plans to investigate a sample of individual accidents at grade crossings. The FHWA has no plans to conduct a similar investigation of individual accidents.

BUREAU OF MOTOR CARRIER SAFETY (BMCS)

SENATOR ANDREWS: Last year, you stated that motor carrier safety was not being compromised by the decrease in the number of inspectors and Federal truck inspections. Yet this year you are requesting 12 more positions. What has caused you to apparently change your mind from last year and decide to increase the number of inspectors?

ANSWER: Last fall the Congress amended the Resource Conservation and Recovery Act to reduce the amount of hazardous waste that a business establishment could store without registering with the Environmental Protection Agency and coming under the Uniform Hazardous Waste Manifest System. This resulted in thousands of additional business entities now coming under the regulatory requirements for storage, transportation, and disposal of hazardous wastes. Enforcement of the transportation requirements is a function delegated to the Department of Transportation, and since almost all movements are by highway, result in an unforeseen workload increase for the Federal Highway Administration's field staff.

SENATOR ANDREWS: The costs for the additional positions are to be absorbed within existing funds. What originally scheduled BMCS activity would not get done? Why?

ANSWER: In order to absorb the costs for the additional positions, it has become necessary for us to reduce the level of compliance orientation and training assistance heretofore provided to the carrier industry and to depend on trade associations and other private sector commercial trainers and consultants to provide this help to the industry.

SENATOR ANDREWS: THE 1985 budget justification had identified hazardous materials as a priority area, yet this year you are requesting 12 additional positions for monitoring hazardous materials. What caused you to decide your program emphasis shift last year was inadequate?

ANSWER: Since hazardous wastes are a subset of hazardous materials, we have not changed our emphasis. In view of the expected increase in hazardous waste movements by highway as a result of recent legislative changes, we are simply planning to put more effort into hazardous waste inspection and enforcement.

SENATOR ANDREWS: Do you have additional hazardous material responsibilities?

ANSWER: We have basically the same responsibilities, but the size of the industry devoted to the lawful disposal of hazardous wastes is growing dramatically, and the amounts and variety of hazardous materials moving by highway generally is expanding. The former comes about because of public awareness about waste chemical hazards, and the latter from more favorable price and service options for shippers by highway since deregulation reforms have gone into effect.

SENATOR ANDREWS: How will the new positions coordinate with RSPA?

ANSWER: The Research and Special Programs Administration is the lead office in the Department of Transportation for hazardous materials transportation safety strategy, as well as the official contact point for dealing with the Environmental Protection Agency. There are well established lines of coordination on both rulemaking and enforcement activities for purposes of review and coordination. The activities that will be conducted with the new positions will be made known to the Research and Special Programs Administration, and in some cases will be conducted at their request since they have no field staff except in the pipeline safety area.

SENATOR ANDREWS: In FY 1985 what percentage of the BMCS workload is directed at hazardous materials and waste terminal audits? How does this compare with prior years and your estimate of the workload for FY 1986?

ANSWER: The percentage of staff hours of the Office of Motor Carrier Safety field staff utilized in hazardous materials and waste terminal audits are shown by years below:

1982	1983	1984	1985	1986
13%	13%	12%	13%	15%

The percentage of staff hours devoted to this effort is projected to increase to 15 percent. Monitoring and enforcement in the area of transportation of hazardous materials and waste has been a program emphasis area for several years and will continue to be in future years. Based on present resources, it is anticipated that the effort in this area would remain at about 13 percent of available staff hours during FY '86 in the hazardous materials

program. An increased emphasis can be placed on hazardous waste transportation within this program emphasis area, if the resources as requested in the budget are provided to BMCS.

SENATOR ANDREWS: Last August outside of Denver, Colorado, a semi-trailer carrying Navy torpedoes overturned. Who is responsible for governing the transportation of military weapons? What has the Bureau learned from this accident? Does a formal relationship exist with the Department of Defense on the monitoring of carriers, routing of shipments and the like?

ANSWER: Assuming the military weapons are being transported by a commercial carrier involved in interstate commerce, the shipment would be subject to the Federal Highway Administration's (FHWA's) Federal Motor Carrier Safety Regulations. The Bureau of Motor Carrier Safety (BMCS) is currently reviewing its driver standards with the possibility of increasing or strengthening the requirements for those persons who intend to drive hazardous material laden vehicles. The BMCS also learned the importance of having a 24-hour telephone response center available to assist in these emergencies. The relationship that exists between the Department of Defense (DOD) and the BMCS is one that is intended to keep DOD current with respect to motor carrier safety fitness ratings. The BMCS has a system for qualifying motor carriers with regard to their safety of operation and shares this information with DOD for those carriers it intends to use in its transportation activity. The FHWA does not enter into the routing of DOD shipments. Routing authority for hazardous materials shipments rests with the Materials Transportation Bureau.

SENATOR ANDREWS: Has the Bureau officially responded to the House Committee on Government Operations Report on Truck Safety Audits? (Dated October 1, 1984)

ANSWER: Receipt of the report of the House Government Operations Committee was officially acknowledged by the Secretary. In the main, we believe the recommendations of the report have merit. We are in the process of implementing them, but have not responded on a point-by-point basis.

SENATOR ANDREWS: That report stated that no official guidelines on confidentiality exist for safety investigators and that there is no mechanism in place to check the quality and accuracy of auditor's findings and investigations. Is this true?

ANSWER: It is true that official guidelines did not explicitly articulate the longstanding policy of the agency to mask the identity of complainants, but it is incorrect to state that no mechanism was in place to check quality and accuracy of auditors' findings and investigations. It is more proper to say that existing systems were inadequate and in need of improvement.

SENATOR ANDREWS: In summary, what actions have you taken relative to that House Committee report? What needs to be done?

ANSWER: we have developed revised instructions to the field staff to explicitly prohibit the divulging of the identity of a complainant unless ordered by the agency or a court, and established means to mask the fact that the investigation is the result of a complaint. We are requiring that each allegation be dealt with in the investigator's report, and that challenged reports be reinvestigated by a different investigator. We will be establishing a new quality control and work review system. Finally, a

reorganization of the motor carrier safety function within the Federal Highway Administration is being established which will clearly establish responsibility for reporting and the quality of investigation reports. We feel these actions are responsive to the recommendations in the report.

TRUCK PRODUCTIVITY AND ACCESS

SENATOR ANDREWS: What is DOT's or FHWA's responsibility in this area? Have you prescribed nationally uniform access regulations for the system?

ANSWER: FHWA's responsibility is to issue and revise regulations pertaining to the National Truck Network including access to that network. The current network was designated by FHWA on June 5, 1984. The Tandem Truck Safety Act of 1984 prohibits additions to this network without the agreement of the Governor of the State in which the highway is located.

FHWA has not prescribed nationally uniform access regulations for the network. As we have repeatedly stated, it is most appropriate for the States to establish access policies consistent with their individual needs. FHWA will monitor State practices and will intervene should conditions so dictate.

SENATOR ANDREWS: Do you see any indication that in permitting travel off the Interstate System States have imposed strict allowances on mileage or charged unreasonable permit fees?

ANSWER: At this time, conditions are still too unsettled to identify any trends. A few States have proposed questionable procedures. We have met with these States. Subsequently, some did modify their procedures at their own volition.

SENATOR ANDREWS: Is the Department studying now or planning to study the safety considerations of expanding the national network vis-a-vis anticipated productivity gains?

ANSWER: The FY 1985 Program Emphasis Area #1 highlights the need for FHWA to provide the leadership and assistance in monitoring and evaluating the designated routes for safety implications and operational effectiveness. Overall expansion of the national network at this time would be premature. At the same time, individual States can consider adding to their system if justification warrants.

SENATOR ANDREWS: Does the Department believe that there now exists a significant number of routes providing sufficient access and/or points for coupling and uncoupling?

ANSWER: In general, sufficient access and routes have been provided given the conditions that existed prior to the enactment of the Surface Transportation Assistance Act of 1982 and the time needed to implement the legislation. We perceive a gradual increase in the size of the network as the needs of the motor carrier industry become better known and States improve their procedures for responding to these needs.

RESEARCH AND DEVELOPMENT

SENATOR ANDREWS: According to your Budget Justification, more than \$12 billion is spent annually for maintenance of our highway system. Despite this tremendous cost, we see evidence of highway deterioration on many highways, indicating the difficulty

Governments have in funding adequate maintenance. It would seem research on improving maintenance and reducing costs would be a high priority, yet R&D for "Highway Operations", which includes most maintenance research, is reduced from both the FY 1984 (\$1,485) and FY 1985 (\$1,219) levels to only \$1,235. Of the six R&D areas this gets less than 9%. Do you think this is an efficient allocation of resources?

ANSWER: The highway community recognizes the need to improve the efficiency of maintenance; consequently, a major research effort (\$20 million) to increase the cost effectiveness of maintenance is included in the Strategic Highway Research Program (SHRP). The funds requested for FHWA are to support several studies designed to fill in the gaps relative to maintenance. In addition, the States, collectively, spent about \$1 million in FY 1984 on maintenance research using funds provided under the Highway Planning and Research (HP&R) program. Studies on joint and crack sealing, impact of pavement maintenance on damage, and cost allocation for pavement maintenance, are maintenance-oriented but are being funded and coordinated under the pavements area because their results provide a vital input to the development of pavement management systems a prime goal in the pavement area.

Maintenance is a major component of the life-cycle cost for pavements and bridges. The majority of studies in the pavements and structures areas are directed towards minimizing life-cycle costs for pavements and bridges. To increase the life-span of bituminous pavements, we are sponsoring studies to improve methods for designing their thickness, improving the durability of asphalt binders, improving the ability of asphalt to adhere to aggregate under freezing and wet environments, improved methods for designing mixtures, improved specifications, and improved methods for construction control. For portland cement concrete pavements, studies to improve their longevity include methods for shoulder and joint sealing, new pavement designs, undersealing, designs to reduce pumping, methods to repair joint related distress and pressure relief joints. The FHWA has also sponsored research to increase the life of bridges and determine the need for preventive maintenance. A number of devices to nondestructively inspect bridge members and bridge decks have been developed to detect fabrication flaws, corrosion of reinforcing steel and delamination of bridge deck concrete. We are currently sponsoring research to develop pavement corrosion resistant coatings for structural steel, methods to prepare steel for repainting and cathodic protection to prevent corrosion in salt contaminated bridge decks.

SENATOR ANDREWS: What research have you done to alleviate maintenance problems?

ANSWER: The Federal Highway Administration (FHWA) sponsored a number of value engineering workshops on mowing. Results of these efforts demonstrated mowing costs could be reduced three dollars per acre thereby providing an annual savings of \$30 million. Value engineering studies have been made for a number of maintenance activities to improve the cost-effectiveness of: snow and ice control, shoulder maintenance, repair of continuously reinforced concrete pavements, patching, sign maintenance, bridge painting, traffic striping, repair of concrete pavement joints, rest area maintenance, mowing operations, and drainage maintenance. We are developing an environmentally benign chemical deicer Calcium Magnesium Acetate and are currently

sponsoring research to optimize the process for manufacturing it and optimizing its composition. We are sponsoring a research study to develop more rapid methods of repairing pavements on high traffic roads--freeways--to minimize delays. We are also sponsoring a study to develop more durable pothole patching materials that can be applied in cold-wet weather so that we do not have to repeatedly patch a given hole because the material did not adhere to the hole.

SENATOR ANDREWS: How do you set research priorities for Highway R&D and what are they for FY 1986?

ANSWER: The FHWA has a Research Advisory Council to develop research requirements, provide long-range direction to the contracting programs, and ensure that the limited resources are applied to only the highest priority problems. Research priorities are also solicited from the FHWA field offices and States to make sure research topics that represent national needs are identified and prioritized.

By examining current and foreseeable problems associated with the Nation's highway system, the identification and use of new technology can lead to cost-effective solutions for many of these problems. Among the high priority areas identified for FY 1986 are:

- Improved pavement management practices incorporating national pavement design concepts and cost-effective maintenance and construction procedures.
- Development of highway safety hardware and revised geometric designs to safely provide for the changing vehicle fleet with a higher percentage lighter and heavier vehicles at the ends of the spectrum.
- Development of more energy-efficient highway construction materials to decrease reliance on petroleum-based products.
- Development of improved traffic control concepts and hardware to improve traffic systems management.
- Development of improved structural design concepts.
- Development of improved quality control procedures for highway materials and construction practices.

OBLIGATION CEILING

SENATOR ANDREWS: For the record, list the program and amounts that would be exempt from a 1986 obligation ceiling, for current law, Senate Bill S. 391, and the Administration's proposal. Also, in listing the programs identify the legislation which authorizes the program and the obligation exemption.

ANSWER: The following table displays programs, amounts and legislative citations for categories requested:

	Exempt Program	Estimated FY 1986 Availability (\$000)
<u>Current Law</u>	Emergency Relief	\$214,000
	(Oblig. Exempt, P.L. 98-473; Auth., Sec. 125, Title 23)	
	Acceleration of Bridges	94,200
	(Oblig. Exempt, P.L. 98-473; Auth., P.L. 95-599, Sec. 147 and Sec. 144, Title 23)	

<u>Exempt Program</u>	<u>Estimated FY 1986 Availability (\$000)</u>
<u>Woodrow Wilson Bridge</u>	\$16,100
(Oblig. Exempt, P.L. 98-473; Auth., P.L. 97-134, Sec. 9)	
<u>Union Station</u>	8,400
(Oblig. Exempt, P.L. 98-473; Auth., P.L. 97-125)	
<u>Minimum Allocation</u>	1,105,000
(Oblig. Exempt, P.L. 98-473 and Sec. 157, Title 23; Auth., Sec. 157, Title 23)	
<u>Alaska Highway</u>	8,000
(Oblig. Exempt, Sec. 218, Title 23; Auth., Sec. 218, Title 23)	
<u>Bridges Over Dams</u>	14,000
(Oblig. Exempt, P.L. 98-473; Auth., Sec. 320, Title 23)	
<u>Zilwaukee Bridge</u>	7,500
(Oblig. Exempt, P.L. 98-473; Auth., Sec. 144, Title 23)	
<u>Usable Segments Demonstration</u>	25,000
(Oblig. Exempt, P.L. 98-473; Auth., P.L. 97-424, Sec. 131(j))	
<u>Gap Closing Demonstration</u>	0
(Oblig. Exempt, P.L. 98-473; Auth., P.L. 97-424, Sec. 131(b))	

Administration Proposal

<u>Emergency Relief</u>	214,000
(Oblig. Exempt, P.L. 98-473; Auth., Section 125, Title 23)	
<u>Minimum Allocation</u>	1,105,000
(Oblig. Exempt, P.L. 98-473; Auth., Sec. 157, Title 23)	

S. 391

<u>Emergency Relief</u>	214,000
(Authorized Section 125, Title 23)	
<u>Acceleration of Bridges</u>	94,200
(Authorized P.L. 95-599, Sec. 147 and Sec. 144, Title 23)	
<u>Woodrow Wilson Bridge</u>	16,100
(Authorized P.L. 97-134, Sec. 9)	
<u>Union Station</u>	8,400
(Authorized P.L. 97-125)	
<u>Interstate Construction (Specific States</u>	119,800
(Authorized Sec. 103, Title 23)	

USE OF MINIMUM ALLOCATION FUNDS

SENATOR ANDREWS: For the record please update the chart on page 800 of Senate Hearing 98-1034, Part 1, which lists the uses of minimum allocation funds. Also for the record provide the committee a breakdown of the amount of money each State has received under the program by year.

ANSWER: The following table provides a breakdown of the amount of minimum allocation funds each State has received for fiscal years 1983 thru 1985. Also provided is a chart updating page 800 of Senate Hearing 98-1034, to show the uses of minimum allocation funds as of February 28, 1985.

MINIMUM ALLOCATION FUNDS
APPORTIONED FOR FY 1983 THRU FY 1985

STATE	FY 1983	FY 1984	FY 1985
Arkansas	. . .	. . .	\$13,009,368
California	\$23,819,923	\$55,296,107	118,254,298
Florida	11,404,222	50,782,474	. . .
Illinois	69,840,643	3,617,138	42,155,814
Indiana	47,820,283	34,357,020	96,168,229
Michigan	72,605,818	36,643,259	60,327,974
Missouri	. . .	. . .	37,431,967
North Carolina	12,714,455	7,798,862	90,282,069
Ohio	89,552,191	49,688,093	110,100,534
Oklahoma	19,764,998	12,420,758	54,198,214
South Carolina	. . .	. . .	1,388,824
Tennessee	. . .	. . .	30,719,459
Texas	144,020,487	169,466,242	252,182,233
Wisconsin	23,859,822	3,962,898	53,730,048
Total	515,402,842	424,032,851	959,949,031

Use of Minimum Allocation Funds
as of February 28, 1985

(dollars in thousands)

State	Number of Projects on/off the Federal-Aid System							Construction Miles	Federal Funds
	Interstate	Primary	Secondary	Urban	Multi System	Off System	Total		
California	-0-	8	4	94	-0-	-0-	106	28.0	\$40,992
Florida	1	-0-	-0-	-0-	-0-	-0-	1	-0-	56,410
Illinois	-0-	86	21	10	-0-	7	124	99.3	65,667
Indiana	1	97	64	54	-0-	2	218	116.5	66,725
Michigan	-0-	146	46	121	2	-0-	315	406.6	106,249
N. Carolina	-0-	2	-0-	5	1	-0-	8	9.5	20,513
Ohio	13	25	158	16	-0-	5	217	556.5	111,945
Oklahoma	-0-	9	-0-	6	-0-	-0-	15	46.6	31,302
Texas	-0-	33	-0-	11	-0-	-0-	44	75.9	111,670
Wisconsin	-0-	29	2	-0-	-0-	1	32	198.8	27,362
Total	15	435	295	317	3	15	1,080	1,537.7	638,835

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS

SENATOR ANDREWS: For the record please describe the total amount of funds provided for the rail-highway crossing demonstration projects. List by year the projects that have received funding under this program.

ANSWER: To date, a total of \$156.578 million in demonstration funds have been appropriated and all of these funds have been allocated to the demonstration projects as shown in the following table:

ALLOCATIONS TO RAIL-HIGHWAY CROSSING DEMONSTRATION
PROJECTS BY FISCAL YEAR
(in thousands of dollars)

Project	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	Total
Wheeling, WV	\$ ---	\$ 600	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 600
Augusta, GA	---	---	---	405	---	576	---	251	---	---	---	---	1,232
Anoka, MN	105	2,810	600	---	---	---	---	(600)	---	---	---	---	2,915
Blue Island, IL	230	---	---	---	---	---	---	---	---	---	---	---	230
Carbondale, IL	312	---	83	---	1,873	5,018	8,718	(3,670)	8,970	---	---	500	21,804
Dolton, IL	210	---	---	---	---	---	---	375	---	---	---	---	585
E-St. Louis, IL	200	---	---	101	3,000	---	1,600	1,200	---	---	2,560	---	8,661
Springfield, IL	270	189	832	900	1,647	---	918	244	119	---	---	2,800	7,919
Hammond, IN	---	---	1,400	---	---	---	---	12,400	570	---	---	---	14,370
Lafayette, IN	---	360	---	---	---	1,569	---	4,071	---	---	1,800	7,000	14,800
New Albany, IN	75	2,500	---	---	---	---	---	---	---	---	(249)	---	2,326
Terre Haute, IN	---	---	---	400	---	---	---	6,600	---	---	---	---	7,000
Metairie, LA	---	---	---	252	---	---	---	---	950	---	500	---	1,702
Pine Bluff, AR	---	---	---	255	---	---	---	---	300	---	200	1,400	2,155
Brownsville, TX	488	365	---	357	---	---	300	---	---	---	2,660	1,500	5,670
Greenville, TX	150	50	---	3	150	---	9,147	---	---	---	---	---	9,500
Sherman, TX	---	---	---	---	---	---	---	---	---	---	---	---	---
Lincoln, NB	150	4,950	---	---	---	---	---	---	250	---	5,429	1,800	12,579
Elko, NV	470	1,230	---	450	15,666	---	17,525	194	4,895	---	2,100	---	42,530

TOTALS: \$ 2,660 \$13,054 \$ 2,915 \$ 3,123 \$22,336 \$ 7,163 \$38,208 \$21,065 \$16,054 \$ --- \$15,000 \$15,000 \$156,578

() - Denotes deallocation of funds

SENATOR ANDREWS: Also for the record please provide a brief description of each project including the total estimated cost of the project and the source of funds proposed to fund the costs (i.e., the State/local or private contribution).

ANSWER: The following table shows for each project a general description of the solution, total estimated costs, and Federal demonstration funds allocated. For work completed to date, information on the sources of funds used to cover those costs not paid for with demonstration funds is not readily available. For those projects where demonstration funds are insufficient to fund 95 percent of the total costs, it is generally unknown or has not been determined what other funding sources, if any, the States, local authorities, or railroads are willing to commit to individual projects.

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS
(dollars in thousands)

<u>Project</u>	<u>Description</u>	<u>Total Estimated Cost</u>	<u>Demonstration Funds Allocated</u>
Wheeling, WV	Rail relocation in downtown	\$ 40,000	\$ 600
Augusta, GA	Rail relocations involving three railroads	132,700	1,232
Anoka, MN	Grade separation	3,100	2,915
Blue Island, IL	Grade separation	5,900	230
Carbondale, IL	Depress rail line in downtown	86,200	21,804
Dolton, IL	Grade separation	9,400	585
E. St. Louis, IL	Seven grade separations and minor rail relocation	28,500	8,661
Springfield, IL	Rail relocation to corridor east of city	238,800	7,919
Hammond, IN	Rail relocation within downtown area	64,600	14,370
Lafayette, IN	Rail relocation within downtown area	93,200	14,800
New Albany, IN	Minor rail relocation	2,400	2,326
Terre Haute, IN	Grade separation	7,400	7,000

<u>Project</u>	<u>Description</u>	<u>Total Estimated Cost</u>	<u>Demonstration Funds Allocated</u>
Metairie, LA	Rail consolidation and grade separations	\$ 19,000	\$ 1,702
Pine Bluff, AR	Five grade separations and minor rail relocation	19,900	2,155
Brownsville, TX	Rail relocation to loop around city	43,300	5,670
Greenville, TX	Grade separation and minor rail relocation	13,800	9,500
Sherman, TX	-----WITHDREW FROM PROGRAM-----		
Lincoln, NB	Three grade separations and minor rail relocations	29,000	12,579
Elko, NV	Rail relocation to loop around downtown	44,800	42,530
		<u>\$ 882,000</u>	<u>\$ 156,578</u>

ACCESS HIGHWAYS TO LAKES

SENATOR ANDREWS: For the record provide a breakdown of the total amount of funds each project has received under this program by year since its inception. (By year should also refer to the appropriations source.)

ANSWER: The breakdown is as follows:

ACCESS HIGHWAYS TO PUBLIC RECREATION AREAS ON CERTAIN LAKES
(in thousands of dollars)

<u>State and Project</u>	<u>Project Designated in Appropriations Act for Fiscal Year</u>	<u>Allocations</u>
CALIFORNIA		
Parrotts Ferry Road (Calaveras County)	1978	\$ 2,800
IOWA		
Lake Red Rock	1979	500
Howell Station Campground (Marion County)	1979	100
Saylorville Lake	1980	1,600

State and Project	Project Designated in Appropriations Act for Fiscal Year	Allocations
INDIANA		
Brookville Lake Access Road	1976; 1977	2,142
Lake Monroe	1978	4,550
Lake Patoka (Dubois County)	1980	4,600
KANSAS		
Clinton Parkway	1976; 1977; 1979	6,730
MISSISSIPPI		
Arkabutla Reservoir	1976	500
SR-315 (Panola County) and Coontown Road (Lafayette County)	1979	1,240
Gums Crossing/Graystown Crossing	1980	400
NEW MEXICO		
Access to Sims Mesa	1981	2,250
NORTH DAKOTA		
Lake Ashtabula/Bald Hill Dam (Barnes County)	1978	750
Lake Ashtabula (Barnes County)	1980	950
Banks Road (Lake Sakakawea, McKenzie County)	1979	1,960
Lewis and Clark Road, FASS 2921 (Lake Sakakawea, Mercer County)	1979; 1980	79: 1,500 80: 2,100
Tobacco Garden Road (McKenzie County)	1981	1,200
St. Mary's Township Road (McLean County)	1981; 1984	81: 210 84: 105
New Town Road (Mountrail County, Lake Sakakawea)	1981; 1984	81: 5,000 84: 1,333
Access Lake Sakakawea (Mercer County)	1981; 1984	81: 3,590 84: 1,000
Oahe Reservoir Recreation Area (Emmons County)		
Beaver Bay Recreation Area (Emmons County)	1982; 1984	82: 2,625 84: 700
Hazleton Recreation Area (Emmons County)		
Little Missouri Bay Recreation Area (Dunn County, Lake Sakakawea)	1982; 1984	82: 3,850 84: 1,026
Lake Ashtabula (Barnes County)	1982; 1984	82: 400 84: 106

State and Project	Project Designated in Appropriations Act for Fiscal Year	Allocations
OHIO		
Paint Creek Reservior	1976; 1977	76: 2,545 77: 1,410
PENNSYLVANIA		
Hemlock Road	1976; 1977	1,263
Lake Raystown	1976; 1977	1,884
Bliss Road (Tioga County)	1981	1,875
Route T-430 (Huntington County)(Raystown)	1981	2,400
TENNESSEE		
Casey Cove Road	1976	500
Pioneer Road	1978; 1983	78: 550 83: -525
TEXAS		
Tickey Creek Park Road	1976	393
NOT ALLOCATED	1985	5,000
<u>TOTAL:</u>		\$ 73,112

DISADVANTAGED BUSINESS ENTERPRISE (DBE)

SENATOR ANDREWS: For the record please provide the breakdown for the last 2 years (for which you have completed data) on States meeting the DBE requirements.

ANSWER: Tabulations showing State-by-State comparison of DBE achievements for FY 1983 and FY 1984 are attached.

FISCAL YEAR 1984 DBE DATA (OCTOBER 1, 1983-SEPTEMBER 30, 1984)

STATE	Prime Contracts	DBE Prime Contract Awards Plus Subcontract Commitments		Percent Achieved	FY 1984 Goal

Alabama	170,483,008	21,214,212	12.4	10	
Alaska	135,339,084	14,212,607	10.5	10	
Arizona	170,428,708	25,808,688	15.1	10	
Arkansas	104,241,446	11,941,999	11.5	10	
California	521,281,556	82,704,837	15.9	13	
Colorado	134,822,813	17,287,220	12.8	10	
Connecticut	209,622,386	26,916,758	12.8	10	
Delaware	27,096,363	3,347,210	12.4	10	
Florida	257,516,582	31,334,328	12.2	10	
Georgia	253,690,274	25,681,452	10.1	10	
Hawaii	35,310,691	11,830,520	33.5	18	
Idaho	55,958,398	8,165,781	14.6	10	
Illinois	619,424,196	76,714,391	12.4	10	
Indiana	220,768,852	26,394,083	12.0	10	
Iowa	156,014,455	14,436,594	9.3	8	
Kansas	170,188,231	18,954,845	11.1	10	
Kentucky	207,777,380	26,068,628	12.5	10	
Louisiana	161,232,063	18,705,169	11.6	10	
Maine	53,636,371	3,055,676	5.7	10	
Maryland	227,008,809	26,003,294	11.5	10	
Massachusetts	109,273,039	10,739,113	9.8	10	
Michigan	238,529,501	29,792,210	12.5	10	
Minnesota	211,500,731	24,341,990	11.5	10	
Mississippi	157,061,181	23,295,837	14.8	10	
Missouri	236,243,187	29,053,514	12.3	10	
Montana	105,550,348	7,642,993	7.2	6	
Nebraska	111,766,367	15,497,750	13.9	10	
Nevada	71,685,036	17,557,019	24.5	10	
New Hampshire	56,288,725	6,330,503	11.2	5.5	
New Jersey	178,056,812	22,323,945	12.5	10	
New Mexico	87,882,754	13,072,385	14.9	10	
New York	419,171,124	61,504,282	14.7	10	
North Carolina	238,124,709	25,243,114	10.6	10	
North Dakota	76,557,745	4,099,946	5.4	3.3	
Ohio	476,922,095	69,370,784	14.5	10	
Oklahoma	122,893,929	16,462,581	13.4	10	
Oregon	109,541,119	11,472,862	10.5	10	
Pennsylvania	579,442,015	69,296,849	12.0	10	
Rhode Island	39,846,432	4,276,581	10.7	10	
South Carolina	107,079,018	10,512,230	9.8	10	
South Dakota	70,752,759	7,490,138	10.6	10	
Tennessee	225,420,568	29,924,568	13.3	10	
Texas	471,116,976	63,069,724	13.4	10	
Utah	136,238,946	14,575,229	10.7	10	
Vermont	32,886,821	2,678,920	8.1	5.5	
Virginia	158,831,576	26,535,831	16.7	10	
Washington	217,543,230	24,328,489	11.2	10	
West Virginia	130,076,244	13,228,716	10.2	10	
Wisconsin	130,628,025	9,840,047	7.5	10	
Wyoming	76,614,735	3,686,318	4.8	4.5	
DC	53,572,084	25,998,823	48.5	25	
Puerto Rico	32,899,858	32,899,858	100.0	10	
TOTAL	9,361,839,355	1,216,921,641	13.0		

STATE-BY-STATE COMPARISON OF DBE
ACHIEVEMENTS WITH TARGET GOALS FOR FY 1983

State Name	FY 1983 Target Goals (Percentage)	FY 1983 DBE Achievements (Percentage)	Actual DBE Prime Contract Awards; Plus Subcontract Commitments in Contracts Let in FY 1983
Alabama	7.7%	11.4%	\$17,638,509
Alaska	9.0	24.1	7,219,212
Arizona	9.3	13.0	14,066,202
Arkansas	8.0	9.0	8,355,200
California	13.0	13.1	54,863,763
Colorado	10.0	14.2	17,519,591
Connecticut	8.8	9.9	18,211,411
Delaware	8.3	6.3	2,186,376
Dist. of Col.	25.0	61.7	15,182,389
Florida	8.3	5.9	15,836,054
Georgia	8.1	8.6	29,249,571
Hawaii	17.0	23.7	14,650,519
Idaho	8.4	6.4	3,539,012
Illinois	8.3	6.1	27,793,065
Indiana	8.0	8.8	17,041,804
Iowa	7.8	4.4	8,700,415
Kansas	8.3	8.8	8,787,295
Kentucky	8.0	9.4	19,060,926
Louisiana	8.4	8.3	19,252,428
Maine	3.0	3.4	917,877
Maryland	10.0	13.0	29,116,432
Massachusetts	8.1	11.3	7,560,288
Michigan	8.8	11.6	25,281,614
Minnesota	8.0	3.9	5,859,518
Mississippi	8.1	10.6	12,320,383
Missouri	7.9	8.9	18,810,889
Montana	5.2	7.7	8,238,885
Nebraska	7.9	6.7	6,682,482
Nevada	9.0	67.9	17,487,933
New Hampshire	3.0	3.7	1,129,085
New Jersey	8.3	9.0	13,547,287
New Mexico	9.0	9.2	10,800,232
New York	9.5	12.9	49,043,420
North Carolina	8.4	6.4	7,174,161
North Dakota	7.7	2.8	2,131,252
Ohio	8.8	15.2	36,850,142
Oklahoma	8.5	11.3	11,991,269
Oregon	8.8	13.2	18,002,712
Pennsylvania	8.3	8.4	29,895,710
Rhode Island	8.5	9.2	2,736,758
South Carolina	8.0	8.2	8,979,437
South Dakota	7.6	8.2	4,693,067
Tennessee	8.1	8.8	19,827,723
Texas	7.9	7.9	41,248,609
Utah	8.0	8.8	9,685,540
Vermont	7.8	8.5	2,705,368
Virginia	8.3	7.2	17,190,659
Washington	10.0	12.1	18,626,386
West Virginia	8.0	8.1	16,160,935
Wisconsin	8.0	5.5	7,800,000
Wyoming	7.6	4.6	3,140,466
Puerto Rico	98.9	100.0	15,017,731
TOTALS:	8.84%	9.83%	\$799,807,992

BRIDGE PROGRAM

SENATOR ANDREWS: What is FHWA's view on the value of an authorized Federal agency responsible for investigating structural failures whenever a major accident occurs on a Federal or federally funded construction project such as the Cline Avenue ramp (Bridge) in East Chicago, Indiana; and the Zilwaukee Bridge near Saginaw, Michigan.

ANSWER: Because any failure investigation team must have comprehensive design, construction, erection and fabrication expertise directly related to the particular type of structure in question, it is unlikely that any "umbrella" agency could have an onboard staff of sufficient breadth to evaluate all construction failures. On the other hand, individual agencies such as the FHWA usually do have available experts with the necessary experience. In the event that additional laboratory or specialized assistance in failure investigation is needed, it is not uncommon for the FHWA to request and receive assistance from others such as the National Bureau of Standards or the Bureau of Reclamation or the U.S. Corps of Engineers. Similarly, the FHWA has provided specialized ad hoc bridge expertise to other agencies when requested.

In summary, the Federal agency responsible for overseeing the funding of a project should be responsible for investigating construction failures.

SENATOR ANDREWS: With respect to bridge construction projects, which agency would be most qualified to conduct independent investigations?

ANSWER: The FHWA would be the most qualified to conduct independent investigations relating to bridge construction projects.

SENATOR ANDREWS: Currently, what investigations does FHWA conduct of bridge construction accidents on Federal-aid projects?

ANSWER: The FHWA has a mechanism to activate a multidisciplinary team to investigate bridge construction accidents on Federal-aid projects. The Chief of the FHWA Bridge Division has been assigned the overall responsibility for activating and selecting team members. Teams are composed of specialized selected staff from various FHWA offices. Selection of members is from those with expertise on the type of bridge design, construction and materials. The FHWA role in activating the team is to provide a prompt, accurate and unbiased assessment of what went wrong and how to correct it with minimum cost to the public. However, this team approach is not intended to take the place of the services now provided by nationally recognized engineering firms who have been routinely retained by the States to investigate accidents as they occur to provide a partial basis for subsequent legal liability determinations.

SENATOR ANDREWS: What is the relationship between NTSB and FHWA in this area? What do you see as NTSB's role in the area?

ANSWER: The NTSB and FHWA have only a very slight relationship in the investigations of bridge construction accidents on Federal-aid projects. As we understand the role of NTSB, they are primarily charged with investigating failures of transportation facilities already in service. They do not ordinarily get involved with construction failures.

INTERSTATE COMPLETION

SENATOR ANDREWS: Approximately 973 miles need to be completed on the Interstate, please provide by State the amount of miles and estimated costs remaining until completion.

ANSWER: The figure you cite represents the remaining miles of the 42,500 mile Interstate system which are not open to traffic or have not yet been put under construction as of June 30, 1984, including 120 miles being held in reserve for final measurement of the System. The table you requested, shows the mileages and the estimated completion costs from the 1985 Interstate Cost Estimate, as of December 31, 1983.

INTERSTATE COMPLETION		
	Remaining Mileage to be Completed	Estimated Cost To Complete (\$1,000 S&F)
Alabama	28.9	454,500
Alaska	--	--
Arizona	5.9	365,200
Arkansas	--	--
California	37.2	1,504,300
Colorado	19.2	368,200
Connecticut	7.9	119,100
Delaware	--	--
Dist. of Col.	1.3	126,500
Florida	111.0	1,106,600
Georgia	--	--
Hawaii	8.3	618,700
Idaho	48.5	92,900
Illinois	8.7	120,200
Indiana	21.4	115,600
Iowa	--	--
Kansas	2.8	22,500
Kentucky	1.6	7,000
Louisiana	109.7	1,367,000
Maine	3.3	7,000
Maryland	11.7	224,400
Massachusetts	5.7	678,400
Michigan	36.2	428,900
Minnesota	29.9	617,500
Mississippi	1.4	54,400
Missouri	3.9	17,000
Montana	37.5	69,700
Nebraska	--	--
Nevada	2.0	28,200
New Hampshire	10.9	64,100
New Jersey	36.7	790,300
New Mexico	--	--
New York	9.2	2,080,300
North Carolina	54.9	180,900
North Dakota	--	--
Ohio	11.4	242,600
Oklahoma	2.8	123,900
Oregon	10.0	59,200
Pennsylvania	59.1	1,122,900
Rhode Island	--	--
South Carolina	9.1	267,600
South Dakota	--	--
Tennessee	--	--
Texas	24.9	297,600
Utah	86.2	229,900
Vermont	--	--
Virginia	37.2	937,800
Washington	18.6	827,900
West Virginia	67.4	236,500
Wisconsin	--	--
Wyoming	--	--
Grand Total	982.4	15,975,300

LEGISLATION

SENATOR ANDREWS: Most of the programs authorized by the Surface Transportation Assistance Act (1982) need reauthorization after fiscal year 1986. Will the Department be sending up a new highway bill this session of Congress?

ANSWER: We anticipate that a comprehensive proposal for a post-1986 program will be ready for submission this spring. This would afford the Congress sufficient time to consider authorizations beyond the FY 1986 period provided for in the STAA of 1982.

RESEARCH AND DEVELOPMENT

SENATOR ANDREWS: Have you studied the problem of accidents caused by poor highway maintenance? (If so, please present a summary of those findings.)

ANSWER: No studies have been able to quantify the effect of maintenance or its lack on highway safety. The influence of roadway surface discontinuities (i.e., holes, ice, edge drops, curbs, and changes in surface friction) on safety has been examined and the state of the art summarized in a recent Transportation Research Board (TRB) report. Studies have also quantified the effect of available pavement friction on the likelihood of wet weather accidents. For other discontinuities, such as pavement/shoulder drop-offs and potholes, research has concentrated on actual vehicle performance through full-scale testing and computer simulation because while the effects on safety are not necessarily small, they are subtle.

Two studies, however, have attempted to study the relationship between surface problems and traffic accidents. One study found that 3.5 percent of single-vehicle accidents were associated with all surface problems. Pavement drop-offs were related to 1.0 percent of the accidents. Another study concluded that surface problems were a causative factor in 0.8-2.6 percent of all accidents, and again drop-offs were responsible for half of these accidents.

SENATOR ANDREWS: Have you studied the delays caused by poor highway maintenance? (If so, please present a summary of those findings.)

ANSWER: The FHWA has studied delays, or reduction in speed, as related to pavement condition, the effects of closing lanes to perform maintenance and the relationship between snow removal, or lack thereof, and economics of an area. Results of a study using data from the Highway Performance Monitoring System provided relationships between speed and pavement condition. Pavement condition is defined in terms of Present Serviceability Rating (PSR) with a top rating of five assigned to a very smooth new pavement and zero for a bad pavement. The results of this study indicated that for interstate freeway facilities, if a PSR dropped from five to three no reduction in speed occurred; while reducing the PSR from three to a PSR of one resulted in a reduction in average speed from 55 to 47.5 miles per hour (mph). However, most States have a policy of resurfacing sections when the PSR sinks to the 2.0 to 2.5 level. Kentucky found that resurfacing yielded an increase in average speed of eight miles per hour. In rural areas it was found that many drivers still drive near the speed limit regardless of pavement condition because pavement faults can be avoided by drivers in areas of low traffic volumes. In urban

areas, average speeds decreased to 52.5 mph for a PSR of 3.0, to 50.5 mph for a PSR of 2.0 and to 48 mph for a PSR of 1.0. For lower speed facilities, no reduction in average speed resulted from poor pavements.

A computer model, "QUEWZ," developed by a Texas Transportation Institute study sponsored by FHWA, calculates the motorist delay when one lane of an existing roadway is closed. A second FHWA sponsored study conducted by the Virginia Highway and Transportation Research Council has developed guidelines for scheduling maintenance work at night or on weekends to minimize motorist delay.

SENATOR ANDREWS: Why does FHWA have three separate agencies devoted to technology transfer - The Office of Implementation, the National Highway Institute and the Demonstration Projects Division?

ANSWER: The three FHWA organizational elements handle complementary parts of the technology transfer program. The Office of Implementation, under the Associate Administrator for Research, Development and Technology (RD&T), serves as the designated Office of Research and Technology Application (ORTA) as required by the Stevenson-Wydler Technology Innovation Act (P.L. 96-480). The Implementation Program is the starting point for the technology transfer process, and is responsible for identifying, testing, evaluating and preparing promotional materials for FHWA research products which are ready for operational use by State and local highway agencies.

In some instances, training is required to teach State and local highway officials about new technology and its application. Materials developed from the Implementation Program and other sources are used by the National Highway Institute (NHI) to present the necessary training courses. The NHI, also under the Associate Administrator for RD&T, was established by Section 321 of Title 23 USC for this purpose. The NHI also administers fellowship and scholarship programs in highway and safety technology and guides the Technology Transfer Centers, funded under the Rural Technical Assistance Program, which have been established in 23 States to assist local highway agencies.

Finally, for carefully selected items of new technology, special efforts are made to take the highway materials and processes directly to the potential users. The Demonstration Projects Division, under the Office of Highway Operations, provides on-site demonstrations, including construction of pilot installations, to promote successful research results and innovative technologies. The Demonstration Projects Division also evaluates experimental features incorporated in Federal-aid highway construction projects to determine the suitability of the features for regular construction usage. Field performance is monitored and reported in a National Experimental Projects Tabulation.

The programs administered by these organizational elements are currently included in a review by an FHWA Task Force appointed to study the FHWA Washington Headquarters organization structure.

SENATOR ANDREWS: How do you assure coordination among these three organizations and FHWA's other research activities, i.e., Turner-Fairbank's Lab and District offices?

ANSWER: The Office of Implementation provides direct linkage to the FHWA R&D program and staff, conducts field evaluations of appropriate FHWA research findings and develops materials to begin the overall technology transfer process used by FHWA. Both the Office of Implementation and Demonstration Projects Program staff are physically located at the Turner-Fairbank Highway Research Center. The annual work pro-

grams of the three organizations are developed through consultation with the FHWA R&D Advisory Councils which also develop the research program. In addition, overall FHWA technology transfer program coordination and policy development is guided by an Executive Committee for Technology Transfer. The Executive Committee includes high level representatives of the Headquarters offices which oversee the administration of the Federal-aid programs and a Regional Administrator who represents the FHWA field offices. These mechanisms have effectively assured coordination among the three organizations directly involved in the technology transfer program and provided direct linkages with other Headquarters offices and the field.

MOTOR CARRIER SAFETY R&D

SENATOR ANDREWS: In the last 4 years (1980-1983) fatalities involving heavy trucks have increased from 9% of total vehicular deaths to 11%. This is a 20% increase. What has your research suggested as the cause of this trend?

ANSWER: Data from the Bureau of Motor Carrier Safety (BMCS) accident file shows that the total number of accidents reported to the BMCS over the period of 1980-1983 rose from 31,389 in 1980 to 32,306 in 1981 before declining in the following 2 years to 31,628 in 1983. This represents an overall increase for the period of .7 percent. The number of fatalities reported, on the other hand, were unchanged over the 4-year period; 2,528 fatalities were reported in 1980 and 1983. During the 1980-1983 period, the Federal Highway Administration's fatality rate for all vehicles traveling on Federal-aid and non-Federal-aid highways declined annually from approximately 3.22 per 100 million vehicle miles in 1980 to 2.60 in 1983. In the same time period, the number of vehicle registrations and the number of miles driven in the Nation rose. From the data, we cannot confirm that vehicles operating in interstate commerce increased their share of accidents involving fatalities. However, it is feasible to believe that, with a larger number and mix of vehicles on the highways in the recovery following the 1980 economic downturn, the constant number of fatalities in a declining total would swing the fatality ratio against commercial vehicles.

SENATOR ANDREWS: Last year, in response to questions concerning accidents on the Washington Beltway, you stated that the accident rate was less than the national average. Given the serious congestion and safety problems these accidents have caused, are truck accidents causing even more serious problems in other areas?

ANSWER: Since last year, a pilot program has been implemented to address this problem. Currently, both Virginia and Maryland are limiting truck traffic to the right hand lanes on selected portions of the Washington Beltway. If this approach proves to be successful in terms of reducing truck accidents and their consequences, the policy would certainly be adaptable to other areas where serious problems exist.

SENATOR ANDREWS: Your motor carrier safety R&D budget is reduced over 10% from last year (1,046 vs. 1,163). Why are you reducing this spending when accidents involving heavy trucks appears to be the most intractable vehicular safety problem?

ANSWER: During the past 3 years, major research and development efforts have been planned in the cargo tank area. These tasks have

been undertaken and much of the work has been completed. Thus, the Bureau of Motor Carrier Safety has requested a slightly lower level of funding for the Fiscal Year 1986 program.

HIGHWAY SAFETY R&D PROGRAM SUPPORT

SENATOR ANDREWS: The request for providing services to the Highway Safety R&D Program by the Turner-Fairbank Highway Research Center is almost twice what was requested last year (FY 1986 - 1,330; FY 1985 - 695) yet the justification is exactly the same as that provided last year (pg. 336). Would you explain why support service costs will nearly double when highway safety R&D program level request decline?

ANSWER: The highway safety R&D program is a coordinated research program comprised of contract studies, staff studies, State Highway, Planning and Research studies, and National Cooperative Highway Research Program studies. The laboratory facilities at the Turner-Fairbank Highway Research Center are an integral part of the coordinated research program. There is a vital need to have all 16 laboratories at the Turner-Fairbank Highway Research Center fully operational. As additional laboratories at the Turner-Fairbank Highway Research Center become operational and existing ones enhanced, support services are needed to staff the laboratories, run scheduled tests and repair or modify instrumentation.

SENATOR ANDREWS: Even if we subtract the \$1,500 transferred last year to National Highway Traffic Safety Administration from the program level, there is only a small increase, certainly nothing to justify a doubling of support costs. How are the costs of the Highway Research Center allocated to the various programs?

ANSWER: Highway Research Center support costs are allocated to various programs based upon the magnitude of the research effort to be conducted and the priority of the overall program that the center laboratories are an integral element of. Listed below are two examples of the support activities.

The Federal Outdoor Impact Laboratory (FOIL) has been designed to test breakaway poles and large sign supports using a reusable test vehicle. The FOIL became operational in January 1985 and the first series of test are scheduled to evaluate subcompact vehicles and breakaway luminaires currently accepted for use on Federal-aid highways. During FY 86 a side impact test capability is scheduled to be completed and will use an actual automobile as the test vehicle. Tests are scheduled for FY 86 to evaluate breakaway roadside hardware under a side impact conditions. The FOIL needs contract support services to develop the new capabilities for the laboratory, and run the scheduled tests. Computer services are needed to analyze data generated in these tests.

The Highway Driving Simulator (HYSIM) is used by FHWA staff and contract personnel to investigate human factors issues impacting safety and traffic operations. The HYSIM became operational in 1983. As HYSIM is enhanced to better meet research needs, additional contract support services are needed to enhance the simulator's capabilities and run the scheduled tests in the simulator. Computer services are needed to analyze the data developed in the tests in the simulator.

BUREAU OF MOTOR CARRIER SAFETY

SENATOR ANDREWS: When will the Committee see the legislation that transfers the Bureau of Motor Carrier Safety and other FHWA functions to the National Highway Traffic Safety Administration?

ANSWER: We currently have draft legislation to effect this transfer under internal review. The Bureau of Motor Carrier Safety has recently acquired new regulatory and penalty authority in the Motor Carrier Safety Act of 1984. This new authority will significantly enhance commercial motor vehicle safety and thus it is important to implement the new Act quickly. Accordingly, I have been authorized to conduct an internal reorganization of the Bureau of Motor Carrier Safety. This internal reorganization is now underway and I believe it will serve to effectively and and efficiently promote commercial motor vehicle safety.

SENATOR ANDREWS: Do you agree with this transfer?

ANSWER: I supported the Secretary's initiative last year. Unfortunately, a jurisdictional dispute in the House of Representatives precluded that body from considering the proposal. The motor carrier safety program, especially in view of the recently enacted Motor Carrier Safety Act of 1984, is too important to leave in a suspended state. For this reason, the Secretary has authorized me to reorganize the Bureau of Motor Carrier Safety within the Federal Highway Administration. This reorganization is actively underway.

SENATOR ANDREWS: Given the increase in fatalities related to heavy trucks and the decrease in automobile fatalities, why are you not stressing additional safety inspections for heavy trucks?

ANSWER: We have redirected the emphasis of the Federal work force from the roadside inspection activity toward other equally productive countermeasures. The enactment of the Surface Transportation Assistance Act of 1982 authorized Federal funding to States to conduct motor carrier safety enforcement programs, including the safety inspections of heavy trucks. While only in its second year, the State truck inspection effort is anticipated to far exceed that attained by the Federal work force.

SENATOR ANDREWS: In FY 1985, \$14 million was appropriated for the motor carrier safety grants program, which you state has the major objective of reducing the number and severity of hazardous materials accidents involving commercial motor vehicles. This is a \$6 million increase over the FY 1984 level. Why are 12 additional BMCS personnel needed in view of the \$14 million appropriated to the States last year and the \$14 million requested this year?

ANSWER: The anticipated additional roadside inspection effort facilitated by the use of State enforcement personnel funded by the grant assistance program does not permit the existing Federal work force, at its present staffing level, to confront and respond to the escalating and widespread hazardous waste transportation problem. These 12 additional positions will address this key issue.

SENATOR ANDREWS: Last year in response to the question of whether using inspectors for assisting States in developing this program would leave less time for inspections, you stated that State grant activity would more than compensate for any decrease in

Federal inspections or audits. How do you reconcile that statement with your request for 12 additional inspectors?

ANSWER: As stated, the State roadside inspection/enforcement force is expected to compensate for decreased Federal activity in this area. Limited existing Federal resources will be directed toward State assistance and direction, training, and improved overall carrier safety compliance by concentrated safety management audit efforts. The additional manpower levels are required to respond to the increased hazardous materials enforcement problems, primarily the transportation of hazardous waste.

SENATOR ANDREWS: What were the results of your hazardous materials enforcement activities last year?

ANSWER: In 1984 the Federal Highway Administration's Bureau of Motor Carrier Safety initiated 124 enforcement cases and imposed civil penalties totalling \$237,685 as the result of 82 civil penalty actions which were completed.

COST AVOIDANCE

SENATOR ANDREWS: The "Report on the Status of Innovative Cost Saving Technologies Promoted by the Federal Highway Administration" states that you reported to the Secretary of Transportation savings of nearly \$400 million for FY 1984 under the Cost Avoidance, Reduction, and Efficiency (CARE) Program. Would you provide a breakdown of these savings for the Record?

ANSWER: The following breakdown of the CARE savings for FY 1984 is provided for the record:

	FY 1983 Results Submitted in FY 1984	FY 1984 Results Submitted in FY 1984	TOTAL CARE Results Submitted in FY 1984
Cost Savings	\$ 62,639	\$ 8,327,806	\$ 8,390,445
Cost Avoidance	78,209,285	306,207,800	384,417,085
Efficiency and Effectiveness Improvements	605,102	2,917,993	3,523,095
Total Submitted	\$78,877,026	\$317,453,599	\$ 396,330,625

MOTOR CARRIER SAFETY GRANTS

SENATOR ANDREWS: The motor carrier safety grants provide funds to assist States in developing and improving programs for commercial motor vehicle safety. The Department requests \$14 million for this purpose in 1986, the same level as the 1985 funding. How successful is this program? In what areas do the States use these funds? (In summary please list by State and major areas of grant activity for FY 1984 and estimated for 1985 and 1986.)

ANSWER: Fiscal Year 1984 was the "start up" year of the Motor Carrier Safety Assistance Program (MCSAP). Due to the time frame involved, the program was operative for less than a 6-month period. Forty-six (46) States participated, twenty-nine (29) in development, and seventeen (17) in implementation. The major actions in a development grant include: planning a safety program;

initiating legislative or regulatory action; formulating a budget; and preparing a State Enforcement Plan (SEP). The principal implementation activity was devoted to the recruitment, hiring, and training of State enforcement personnel, estimated, based on the earlier Demonstration Project and confirmed by MCSAP, to require as a minimum 6 months. At the completion of the Fiscal Year, in excess of 1,000 State enforcement officers from thirteen (13) States have completed extensive training in uniform driver-vehicle roadside inspection procedures and "out-of-service" criteria. In addition, some 250 State enforcement officers have completed training in the safe transportation of hazardous materials, including the roadside inspection of cargo tanks. The deployment of these trained enforcement officers resulted in approximately 75,000 roadside inspections, 7,000 drivers, and 25,000 unsafe vehicles declared out of service in FY 1984.

Fiscal Year 1985 is the first full year of the MCSAP. Forty-eight (48) States are participating in the program, 28 in implementation. Again, the principal implementation activity will focus in the area of recruitment, hiring, and training of State enforcement personnel. At the completion of the fiscal year an additional 1,500 State enforcement officers are projected to be trained in uniform roadside inspection procedures and enforcement activities. This will result in an estimated 300,000 roadside inspections, 30,000 drivers and 100,000 unsafe vehicles removed from service. In addition, implementation States will initiate the development of a Management Information System (MIS) to compile roadside inspection and enforcement data.

In FY 1986 all fifty-six (56) States are expected to participate in the program, forty-nine (49) in implementation. While recruitment, hiring, and training of State enforcement personnel will continue, the major implementation activity will be roadside inspections. This will result in an estimated 1 million roadside inspections, 100,000 drivers and 130,000 unsafe vehicles removed from service. States will continue to receive training of 1,000 personnel in uniform roadside inspection procedures and out-of-service criteria, and 300 personnel in the area of safety management audits of motor carrier facilities. Development of State MIS will be substantially in place, generating data on State inspections and enforcement activities.

Attached is a list of States, showing whether the State was in development or implementation, with activities as described above, for FY '84, '85, and '86.

GRANT STATUS BY STATE

States and Territories	FY 1984	FY 1985	FY 1986
Alabama	Development	Development	Implementation
Alaska			Development
Arizona	Implementation	Implementation	Implementation
Arkansas	Development	Development	Implementation
California		Implementation	Implementation
Colorado	Development	Implementation	Implementation
Connecticut	Development	Implementation	Implementation
Delaware	Development	Implementation	Implementation
Florida			Development
Georgia		Implementation	Implementation
Guam	Development	Development	Implementation

States and Territories	FY 1984	FY 1985	FY 1986
Hawaii	Development	Development	Implementation
Idaho	Implementation	Implementation	Implementation
Illinois	Implementation	Implementation	Implementation
Indiana	Development	Implementation	Implementation
Iowa	Implementation	Implementation	Implementation
Kansas	Development	Implementation	Implementation
Kentucky	Implementation		Implementation
Louisiana	Development	Development	Implementation
Maine	Development	Development	Implementation
Maryland	Development	Implementation	Implementation
Massachusetts	Development	Development	Implementation
Michigan	Implementation	Implementation	Implementation
Minnesota	Implementation	Implementation	Implementation
Mississippi	Development	Development	Implementation
Missouri	Implementation	Implementation	Implementation
Montana	Implementation	Implementation	Implementation
Nebraska	Development	Development	Implementation
Nevada	Implementation	Implementation	Implementation
New Hampshire	Implementation	Implementation	Implementation
New Jersey	Development		Implementation
New Mexico	Development	Development	Implementation
New York	Development	Development	Implementation
North Carolina	Implementation	Implementation	Implementation
North Dakota	Development	Implementation	Implementation
Northern Marianas			Development
Ohio	Implementation	Implementation	Implementation
Oklahoma			Development
Oregon	Implementation	Implementation	Implementation
Pennsylvania	Development	Implementation	Implementation
Puerto Rico	Development	Development	Development
Rhode Island	Development	Development	Implementation
Samoa	Development	Development	Implementation
South Carolina	Development		Implementation
South Dakota	Development	Development	Implementation
Tennessee	Implementation	Implementation	Implementation
Texas	Development	Development	Implementation
Utah	Implementation	Implementation	Implementation
Vermont		Development	Implementation
Virgin Islands		Development	Development
Virginia	Development	Development	Implementation
Washington	Implementation	Implementation	Implementation
Washington, D.C.		Development	Implementation
West Virginia	Development	Implementation	Implementation
Wisconsin	Development	Implementation	Implementation
Wyoming			Development

SENATOR ANDREWS: Did the Department ask for more funding for safety grants and get cut by OMB? How much did you request of OMB for this program?

ANSWER: The Federal Highway Administration's OMB budget for FY 1986 included a \$30 million request for the Motor Carrier Safety Assistance Program.

SENATOR ANDREWS: Are all 56 States and Territories participating in the program in Fiscal Year 1985?

ANSWER: No, the following is a breakdown of participation:

Development States: Alabama, Arkansas, District of Columbia, Guam, Hawaii, Louisiana, Maine, Massachusetts, Mississippi, Nebraska, New Mexico, New York, Puerto Rico, Rhode Island, Samoa, South Dakota, Texas, Vermont, Virgin Islands, and Virginia.

Implementation States: Arizona, California, Colorado, Connecticut, Delaware, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nevada, New Hampshire, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Tennessee, Utah, Washington, West Virginia, and Wisconsin.

Pending Approval for Implementation: New Jersey.

States Not Participating: Alaska, Florida, Oklahoma, South Carolina, Northern Marianas, Wyoming, and Kentucky.

SENATOR ANDREWS: The program was intended to pay up to 80% of the States' program costs. Given your request, what percent of States' costs will you pay? Can participating States be assured that the percentage will be maintained? Please provide the percentage of State program costs paid in FY 1984, FY 1985, and planned for FY 1986.

ANSWER: The Motor Carrier Safety Assistance Program will federally support a State's enhanced safety enforcement effort on a "not to exceed 80% basis" of the total enhancement as authorized by the Surface Transportation Assistance Act of 1982. This percentage is a ceiling amount which cannot be exceeded by the FHWA and in essence is guaranteed to a State. Many States, however, have elected to contribute funds in excess of their "20% share" in order to adequately address the magnitude of the motor carrier problems within their State. This voluntary action taken on the part of the State has the effect of reducing the Federal share of a State's program. The overall average Federal/State percentage relationship for FY '84 was 71/29. A percentage relationship of 50/50 is being experienced in the FY '85 program because some State grant funds remain unobligated at this time. The FY '86 planned Federal participation is 80 percent.

H-3

SENATOR ANDREWS: Please provide a status report on the construction of H-3 in Oahu, Hawaii. Will the DOT urge the Justice Department to appeal the Ninth Circuit Court of Appeals November 1984 ruling, denying Hawaii's motion to allow design to continue? How long would such a petition for Cert. take and what is the likelihood the Supreme Court would grant Cert.?

ANSWER: H-3 is a 16.1-mile Interstate route extending from H-1, near Pearl Harbor, northeasterly to the Kaneohe Marine Air Station. A 2.2-mile segment on the northeastern end of the route is complete and open to traffic. An adjacent 2.1-mile segment is nearly complete but not yet open to traffic. The remaining 11.8 miles of the route are in various stages of development ranging from design to minor amounts of construction. Work on this project has been under some sort of injunction since the mid 1970's. Normal work on this project commenced again in April 1982, when the U.S. District Court for Hawaii lifted all outstanding injunctions then imposed on the project. Work was again curtailed in November 1983, when construction was enjoined on the 11.8-mile

section, pending a resolution of the appeal then pending before the U.S. Court of Appeals for the Ninth Circuit Court. On August 21, 1984, the Ninth Circuit Court rendered its opinion, reversing the 1982 District Court opinion. (A petition for rehearing was denied in November). The 1984 Court of Appeals opinion required a new Section 4(f) determination to be made with respect to those portions of the project in the vicinity of Ho'omaluhia Park. Pursuant to its reading of the Ninth Circuit Court decision, the District Court has enjoined all work (including design). Thus, construction work which was under way has been suspended, projects which were ready to advertise for bids have been delayed, consultant design contracts have been suspended, and negotiations for additional design contracts have been terminated. This complete ban on all work has been appealed to the Ninth Circuit Court by the State of Hawaii. The State feels a less comprehensive injunction was intended by the Court of Appeals.

In addition, the State has requested the Supreme Court to review the August 1984 Court of Appeals decision by filing a Petition for a Writ of Certiorari. (Cert.) To the best of our knowledge, the State, through the American Association of State Highway and Transportation Officials, has asked other interested States to let the Supreme Court know of their support for the Cert. petition. Although the Department of Transportation and Justice discussed the question of whether the Federal Government should also appeal, the Solicitor General of the United States has decided not to ask the Supreme Court to issue a Writ of Certiorari on behalf of the Federal Government.

At the present time, the State is still evaluating its options in light of the Ninth Circuit Court opinion. We have been assisting the State in the preparation of the additional documents required by the Court of Appeals. Whether these documents are required and to what extent additional work can be done depends upon the resolution of both the appeal to the Circuit Court of the current board injunction and the Cert. petition to the Supreme Court for its review.

SENATOR ANDREWS: Will H-3 be under construction by the September 30, 1990, statutory deadline?

ANSWER: We cannot assure that the final Interstate construction project to complete H-3 will be underway by September 30, 1990.

In fact, if we are unable to satisfy the Ninth Circuit Court with the additional documentation currently in preparation, the project may never be built as proposed.

The statutory deadline for placing Interstate segments under construction is provided in Section 107(e) of the 1978 Surface Transportation Assistance Act (STAA), as amended by Section 107(g) of the 1982 STAA. The statute requires Interstate routes to be under "construction" by September 30, 1986. The term "construction" under the 1982 STAA amendment, includes preliminary project activities like "locating, surveying, and mapping." These activities have already commenced on H-3 and, thus, the statutory deadline for construction has already been satisfied. The timing of actual physical construction of the remaining segments of H-3 will depend on the outcome of current (and possibly future) litigation, availability of funding (including Interstate discretionary funding), the ability of the State to advance design, right-of-way and construction projects in a timely fashion, and other factors. We will continue to work with the State to expedite completion of H-3.

SENATOR ANDREWS: What national environmental implications arise from the actions of the Ninth Circuit Court of Appeals?

ANSWER: The decision by the Ninth Circuit Court of Appeals could severely impact our ability to administer transportation programs, initially within the jurisdiction of the Ninth Circuit Court, but in other jurisdictions as well because the precedent is already being cited in litigation.

In this case, the Court did not consider the facts associated with the "use" of the park because the concept of "constructive use" when there is no physical use was not at issue. However, there will be no physical use of parkland by the project. The mere presence of the highway contiguous to the parkland constitutes the parkland "use." Actually, the highway alignment was set many years before the establishment of the park boundaries. The park boundaries were expanded to be contiguous to the highway to protect the park from other less compatible uses (e.g., urbanization) occurring in the buffer land. The DOT found that another alternative which would not be contiguous to the park was not prudent because of an additional \$42 million in cost, the taking of 31 homes and 4 businesses, and safety problems. The Court ruled that this finding was an abuse of discretion and the impacts did not reach a level of extraordinary magnitude, a standard set by the Supreme Court's Overton Park decision. That case, one should note, involved major, severe impacts on a very important park.

The Court's approach precludes the Secretary of Transportation from considering the importance of the park involved and the magnitude of impact on the park. Under such a standard of review, it would be difficult to approve any legally defensible Section 4(f) evaluations on future projects located near parks, historic properties, or wildlife refuges which are protected by Section 4(f).

QUESTIONS SUBMITTED BY SENATOR KASTEN

SENATOR KASTEN: Administrator Barnhart, could you explain to me how the House of Representatives can call their ICE bill (H.R. 1251, passed by 392-4 on Thursday) a CLEAN bill? when it contains a favorite project of Tip O'Neill, not as a "demonstration project" but as part of the cost estimate?

ANSWER: H.R. 1251 is a clean bill from the standpoint that it does not contain any of demonstration projects of the previous bills, it simply provides approval of the apportionment factors so apportionments can be made.

We do not consider anything in H.R. 1251, its accompanying reports, or its consideration on the House floor affects the eligibility status of any project which has been included or excluded from Interstate construction funding.

SENATOR KASTEN: Administrator Barnhart, what is the status of the law suit brought by the Center for Auto Safety challenging the national designated highway system for longer and wider trucks and doubles? Does the out-of-court settlement signed Feb. 15 by the FHWA and the center represent any significant changes in states like Wisconsin where the operation of 102 inch-wide trucks are allowed?

ANSWER: On February 15, 1985, the parties entered into a Settlement Agreement whereby Plaintiff, Center for Auto

Safety, agreed to dismiss its' suit challenging the national designated highway system for longer and wider trucks and Defendant, FHWA, agreed to take a second look at roads in those States where widespread operation of 102 inch-wide trucks are not allowed by State law. This will be done by supplemental rulemaking.

The Settlement Agreement and Stipulation of Dismissal do not represent any significant changes in any State like Wisconsin where the operation of 102 inch-wide trucks are allowed by State law.

SENATOR KASTEN: Administrator Barnhart, what can be done to convince the House to include language in its ICE bill that would allow for automatic release of highway funds if Congress fails to pass an ICE on October 1 of each year? (Not only do we need these funds now, we need to prevent such an atrocity from every occurring again!)

ANSWER: Events have overtaken the change of including such language in the House Interstate Cost Estimate approval. However, we would support a provision which would permit administrative update of prior cost estimates in order to avoid delay in the event that congressional action has not taken place.

QUESTIONS SUBMITTED BY SENATOR CHILES

INTERSTATE COST ESTIMATE

SENATOR CHILES: As you know, in late January I introduced a clean ICE bill with 32 cosponsors. We now have ICE legislation passed by both the House and Senate but apparently the House is refusing to go to conference.

According to your most recent figures, we now have 35 States with less than \$1 million of Interstate construction money and my State is completely out of interstate money.

What efforts are being made by the Administration to move this legislation; what issues do you see to be the major stumbling blocks and when do you expect to see the issues resolved and the legislation signed?

ANSWER: The Administration is continuing to stress the emergency nature of this legislation to Congress, and we believe Congress will resolve the problems in the very near future. We expect legislation to be signed before the end of March.

IMPACT OF ICE DELAY ON HIGHWAY SPENDING

SENATOR CHILES: What impact will the delay of the ICE have on the States' ability to obligate the 1985 ceiling of \$13.25 billion.

As you know, one of the provisions included in S. 391 that passed the Senate February 23, 1985, was a \$500 million reduction in the 1986 obligation ceiling of \$13.25 billion as proposed by the Administration. What is your reaction to the proposed spending ceiling cut for 1986? Could the States realistically spend the additional money due to the delay in the ICE?

ANSWER: The Department believes the States will be able to meet the 1985 obligation ceiling if the ICE legislation is passed in early March. The 1986 ceiling would preferably be kept at the \$13.25

billion level to avoid any further disruption in the highway program. The \$13.25 billion obligation ceiling already represents a freeze on obligations at the 1985 level. With the passage of the ICE close at hand, States will be pressing to "catch up" and realistically will be able to obligate the full amount available. Thus, the ceiling will be a constraint. These impacts will carry over in 1986. A restrictive ceiling then will further skew State priorities and defer projects.

I-75/ALLIGATOR ALLEY INTERSTATE CONSTRUCTION PROJECT - THE PANTHER

SENATOR CHILES: As you know, the United States Department of the Interior, Fish and Wildlife Service (FWS), recently issued a jeopardy finding citing alternative measures which must be taken to protect the Florida panther when Alligator Alley is rebuilt as I-75 South Florida. The Interior jeopardy finding suggests three alternatives to protect the Florida panther, any one of which could eliminate the jeopardy opinion. These include:

- 1) elevating a portion of the Interstate; or
- 2) including 25 panther passes and 13 bridge extensions; or
- 3) funding an accelerated research program to further study the panther to learn where they actually cross the highway.

What is your reaction to Interior's jeopardy finding and what is your reaction to the three alternatives proposed by Interior?

ANSWER: The Federal Highway Administration (FHWA) has not made any formal response to the FWS. It appears to us, however, that the proposed project with its special features to restore sheet flow and to provide animal crossings would be an improvement over what presently exists both in terms of panther habitat and the overall ecological conditions in the corridor. The FWS has developed the three alternatives which in its view will provide substantially improved conditions for the panther. While we respect the FWS biological opinion, we are also mindful of the substantially increased costs to be borne by highway users as a result of these mitigation alternatives. Because of a number of other complex issues related to this project, it is likely that resolution of the jeopardy opinion will take a long time.

ACCESS RIGHTS

SENATOR CHILES: There are several issues relating to the Alligator Alley project, other than endangered species, which need to be resolved so that construction can proceed in Broward and Collier Counties. These included compensation of property owners for lost access rights, access for recreational use of the Everglades, access for mineral exploration and extraction, and splitting out the Broward County portion of the project from the rest of Alligator Alley so that construction on the Broward County segment can begin as soon as plans are ready.

Could you explain briefly to the Committee how you think these issues can be resolved quickly so that the Alligator Alley Interstate Construction Project can proceed without delay?

ANSWER: Since approval of the final environmental impact statement (EIS) in 1973 for this project, several major issues have surfaced. These include the project impacts on federally threatened

and endangered species, restoration of sheet flow, wetland mitigation, recreational access, property access, and an additional interchange. These issues have created serious questions about the project viability and the adequacy of the existing environmental documentation. Based upon present information, the Federal Highway Administration has determined there is a strong probability that this project may not be a prudent use of Federal funds. We have also determined that a supplemental EIS will be required. We have informed the Florida Department of Transportation of our position and asked for the State's proposal for addressing these issues. It is not apparent to us that these issues have any quick or easy solution.

MINORITY BUSINESSES DOING HIGHWAY WORK

SENATOR CHILES: As you know, the Surface Transportation Assistance Act of 1982 requires that 10 percent of all Federal highway work should be done by disadvantaged firms. Last week we had the DOT Inspector General before the Committee. The IG's budget justification material noted that three out of eight disadvantaged business enterprises reviewed by the IG were, in fact, not controlled by disadvantaged individuals. This seems to indicate that we may have a significant national problem with this program.

What is your view with how widespread this problem may be nationally?

ANSWER: We believe the IG's findings give a misleading overall impression of our DBE/WBE program since they are based on 1983 data. Since January 1983, there has been a substantial increase in participation by bona fide DBEs/WBEs and a greatly improved climate in which these firms may compete. Therefore, the DBE/WBE program has been effective despite the existence of some ineligible or questionable firms.

In November 1983, FHWA issued detailed guidelines on procedures for certification and verification of the eligibility of DBEs/WBEs. On many occasions since the program's inception, we have stressed the importance of strong certification procedures to prevent the infiltration of "fronts and shams." This was the major focus of several presentations at each of the regional DBE seminars we conducted last year in cooperation with the American Association of State Highway and Transportation Officials. Between October 1, 1983, and December 31, 1984, nearly 5,000 in-depth reviews were made by States to verify the eligibility of DBE/WBE firms. During that time, more than 2,500 firms were either decertified or had their applications denied by the States. This was about 17 percent of the firms on which certification actions were taken during that time.

ACCESS ROADS TO AIRPORTS

SENATOR CHILES: A number of airports in Florida are experiencing serious problems with access. Access roads are simply too few in number or limited in capacity. Orlando, Miami and St. Petersburg-Clearwater International Airport are examples of airports with serious access problems. Washington National Airport is another example.

As we begin to consider new highway legislation, do you believe

special focus should be made on a new program to share highway transit and aviation funds to help solve this problem?

ANSWER: We do not believe that special new categories should be created to respond to this type of problem. States and municipalities routinely assess their highway needs, generated from a wide variety of travel demands, and consider all the available funding alternatives. Our experience has shown that most States would find such a funding category to be restrictive and cumbersome.

BUREAU OF MOTOR CARRIER SAFETY

SENATOR CHILES: As part of the budget proposal, the Bureau of Motor Carrier Safety will be transferred from FHWA to NHTSA. Are there any costs or savings associated with transferring the Bureau from FHWA to NHTSA? What impact will this transfer have on the Bureau's operation?

ANSWER: There were no costs or savings associated with the proposal to transfer the truck and bus safety function to the motor vehicle safety agency. The proposal was designed as one way to effect management improvements and improve coordination of similar functions. The Secretary will not be asking for the legislation to implement this proposal at this time, since the Federal Highway Administration has developed an alternative proposal for reorganization of the function within the Federal Highway Administration. We believe a transfer would be disruptive at this time, as the Bureau of Motor Carrier Safety is working to implement the requirements of the Motor Carrier Safety Act of 1984. This Act requires some 23 major actions within some very short timeframes.

IMPACT OF BIGGER TRUCKS

SENATOR CHILES: The Surface Transportation Assistance Act, in an effort to facilitate interstate commerce without compromising highway safety, required the States to allow trucks of a specified size on the interstate highway system and designated portions of the primary highway system. The act required States to allow trucks of maximum gross weight of 80,000 pounds, minimum length of 48-foot trailers or two 28-foot twin trailers, and a width of 8.5 feet on the interstate highway system. The act also provided that these limits apply to designated segments of the primary highway system. The Federal Highway Administration (FHWA) designated about 181,000 miles of primary highway for bigger-truck use. The Tandem Truck Safety Act of 1984 subsequently gave the Secretary authority to remove portions of the interstate highways from this national network if the Secretary finds they are not capable of safely accommodating the new dimension trucks.

Most of the Nation's major highways were either built or reconstructed in the 1950s, 1960s, and 1970s. Those highways were designed to accommodate trucks much smaller (40-foot semitrailers) than those legally allowable today.

How is the Department monitoring the safety of the longer, wider trucks permitted by the Surface Transportation Act of 1982?

ANSWER: The Federal Highway Administration (FHWA) currently uses several existing data bases to monitor the safety of the larger trucks permitted by the Surface Transportation Assistance Act of 1982 (1982 STAA). The National Highway Traffic Safety Administration (NHTSA) administers two data systems--the Fatal Accident Reporting

Systems (FARS) and the National Accident Sampling System (NASS). Both NHTSA systems contain information on truck-involved accidents, but the lack of extensive truck configuration data in either FARS or NASS has thus far limited FHWA's ability to extract much specific information to monitor changes in large truck safety resulting from the 1982 STAA. As a result, both systems are being modified to include additional data elements for truck-involved accidents. These modifications should be completed in 1986. The FHWA also uses its Bureau of Motor Carrier Safety's (BMCS) truck accident files to monitor large truck safety. This information must also be used with caution, however, because the information is self-reported by the carriers themselves.

For long-term monitoring of truck accident data, the FHWA has encouraged the States to upgrade their accident reporting and traffic data collection procedures to provide information on the number as well as the width and length of truck trailers. Such information will permit the calculation of accident rates for the various truck configurations. As a short-term monitoring effort, the FHWA and 12 volunteer States are cooperating on a 2-year data collection effort to gather accident and travel data for single semi-trailer and twin-trailer trucks. It is hoped this study will give some indication of the accident rates for these two truck configurations and possibly some information regarding roadway geometrics or highway elements associated with truck-involved accidents.

Finally, the FHWA's Headquarters Office is currently embarking on an 11-State factfinding review of the designated national network. This review should provide FHWA with a general assessment of safety on the network, and a summary of good management practices and procedures for monitoring network safety.

SENATOR CHILES: What is the Department's view of the trend toward bigger trucks and smaller cars sharing the Nation's highways?

ANSWER: The trend toward larger trucks and smaller cars sharing the highways is certainly a safety concern. The 1982 STAA requirement that the States allow trucks to carry a maximum gross weight of 80,000 pounds should not, however, significantly impact this aspect of the truck safety issue. This is because most States already allowed maximum loads of 80,000 pounds and the remainder allowed loads very close to that figure. For those few States which must increase their weight allowance by a few thousand pounds, there should be little, if any, adverse effect on safety.

Because the requirements of the 1982 STAA make a significant difference in the cubic capacity of trucks, however, it is possible there could be a safety benefit as the number of larger trucks increase. The larger trucks will need fewer trips to carry a constant volume of goods and materials. This should result in less exposure with fewer resulting conflicts with other vehicles or roadside hazards.

SENATOR CHILES: What is the Department doing to minimize the possibility of both accidents and fatalities resulting from this changing vehicle mix?

ANSWER: The Department is conducting research and other studies involving each of the three components of the driving environment--the vehicle, the driver, and the highway. Improvements in any of the three areas could reduce the number and severity of truck-involved accidents.

Increases in the vehicle undercarriages to match the increased vehicle width are expected to significantly reduce the tendency for

trucks to roll over in accident situations. Improved trailer couplings is another vehicle design modification which should result in better handling characteristics.

In the area of driver improvements, BMCS and the private sector have developed a model curriculum for training truck drivers. The trucking associations are also making a special effort to follow the Department's lead in promoting seat belt use by initiating their own "Buckle Up" campaigns.

The FHWA and the States are continually seeking to make highway improvements which will enhance safety. This effort will be expanded as we gain more experience and gather more data on large truck needs. Currently, the States have begun to design larger turning radii where needed and the American Association of State and Highway Transportation Officials recently issued a paper on the off-tracking characteristics of the larger trucks.

QUESTIONS SUBMITTED BY SENATOR BYRD

THE CUMBERLAND GAP TUNNEL PROJECT

SENATOR BYRD: The President has asked for the deferral of \$38,171,663 appropriated by the Congress for the Cumberland Gap Tunnel project. These monies, derived from the Federal Highway Trust Fund, are proposed to be spent to offset pay and firefighting costs within the Department of Interior. Did you in your professional capacity recommend this rescission to the Administration? Could you please comment on the legality of using Trust Fund monies for non-highway purposes?

ANSWER: Since the Federal Highway Administration does not have lead responsibility for the project, we did not recommend this rescission. There is no existing authority which would allow the use of Highway Trust Funds by other agencies for non-transportation purposes other than specifically authorized under 26 U.S.C. Section 9503 (Section 531 of the Surface Transportation Assistance Act of 1982).

SENATOR BYRD: The President tried to have the first installment of these funds, \$14 million, deferred last year. The deferral was disapproved in July. The net effect of this second deferral is that some of the money is being deferred for the second time, not to mention the fact that twice funds have been appropriated for the project. How many times does the Congress have to tell you to go through with the construction of the Cumberland Gap Tunnel?

ANSWER: Funds for the Cumberland Gap Tunnel project were appropriated to the Department of Interior using parkway authorization contained in the 1978 Surface Transportation Assistance Act. The National Park Service has the lead responsibility for this project. We are providing engineering and contract administration support. The Department of Interior would be in a better position to answer this question.

SENATOR BYRD: The Company that has contracted to do the pilot bore has material on site, has ordered drilling equipment, and can mobilize a construction crew in short order. It is being paid \$200,000 a month for doing nothing. Have you considered the question

of contract liability and how much it would cost of government to terminate this contract?

ANSWER: We have reviewed the question of contract liability and have estimated possible termination costs. Until a decision is made on the disposition of this project, it is difficult to determine exact costs.

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

SENATOR LAUTENBERG: Mr. Barnhart, you described the motor carrier safety operations program at DOT. I am particularly interested in this program. The majority of New Jersey's chemical spills are on our roadways -- 42% -- and, as in all areas, preventing these spills from occurring is the key. A critical part of preventing spills is enforcement, which I understand is currently done by Federal officials in New Jersey. The State hopes to soon take over this job, assigning it to our State Police and Department of Environmental Protection.

You described the role of the program in providing grants to the States. I have a number of questions in this area:

(1) Can you describe briefly the hazardous materials regulations that the motor carriers safety operations program is in charge of enforcing?

ANSWER: In conjunction with other statutory responsibilities, the Federal Highway Administration's Bureau of Motor Carrier Safety (BMCS) exercises inspection and compliance jurisdiction over the interstate movement of hazardous materials and the intrastate movement of hazardous waste by motor carrier. Both shippers and carriers of this class of commodity receive close scrutiny by BMCS to ensure compliance with packaging, identification, and shipping documentation requirements.

SENATOR LAUTENBERG: Briefly, what are the major differences between the hazardous materials regulations and the hazardous waste regulations?

ANSWER: The hazardous materials regulations are applicable to substances and materials in quantities and forms that the Secretary of Transportation has determined to pose an unreasonable risk to health and safety or to property when transported in commerce. Hazardous materials include those which have an acute potential for human injury while being transported, including explosives, flammables, oxidizing materials, organic peroxides, corrosives, gases, poisons, and radioactive material.

Hazardous wastes are discarded materials that the Environmental Protection Agency regulates under authority of the Resource Conservation and Recovery Act (RCRA) (42 USC 6901 et seq.) because of public health and safety concerns. Under RCRA, a hazardous waste is fully regulated from "cradle to grave" -- that is, from its time of creation until it is properly discarded. The primary goal of hazardous waste regulations is to assure the proper disposal of materials that could pose a threat to the surrounding environment.

SENATOR LAUTENBERG: So for hazardous materials -- or which there is no manifest system -- a large part of the effectiveness of the regulations rests on on-the-road inspections. How many motor

carrier safety inspectors for hazardous materials does the program now have operating in the New Jersey area?

ANSWER: The Department of Transportation's Hazardous Materials Regulations require that any person who offers a hazardous material for transportation must describe the material on a shipping paper. A properly prepared shipping paper is required to be carried by the carrier while the material is in transportation. Thus, compliance with the applicable regulations can be determined by conducting roadside inspections and safety management audits at a motor carrier's facility. The hazardous waste manifest requires the identical information while in transportation, plus five additional requirements which are to assure disposition from the generator of the material, to the transporter, and finally to the disposal facility. The Federal Highway Administration presently has an Officer-in-Charge, plus four additional safety investigators who are assigned to the State of New Jersey.

SENATOR LAUTENBERG: I would appreciate it if you could provide, for the record, information about hazardous materials inspections conducted by FHWA in New Jersey. How many? By whom? With what results? Could you also provide information about what you believe an adequate inspection schedule for NJ highways is . . . how it compares with inspections and enforcement under RCRA-- for hazardous wastes?

ANSWER: In 1984 the Federal Highway Administration (FHWA) field staff performed 127 inspections of motor vehicles transporting hazardous materials, including hazardous waste, in the State of New Jersey. These inspections resulted in 41 vehicles and 34 drivers being placed out of service. Conducting a motor carrier safety program requires flexibility, therefore, it would be difficult to provide information regarding a rigid inspection schedule. Vehicle inspections are conducted as resources and existing priorities permit, however, the transportation of hazardous materials continues to be a special emphasis area in the FHWA motor carrier safety program. The Department of Transportation (DOT) does not differentiate between hazardous materials and hazardous waste for enforcement purposes while the material is being transported. Hazardous waste material is subject to the provisions of the Hazardous Materials Transportation Act as a result of an agreement between the Environmental Protection Agency and the DOT.

SENATOR LAUTENBERG: I understand that New Jersey is close to negotiating a delegation of enforcement of the Federal regulations -- what are the requirements that a State must meet to be eligible for grant money?

ANSWER: Conditions for development grant approval.

The State shall submit its proposed development plan or update thereof to the FHWA Division Office. States will be permitted to apply for and receive an annual development grant for a maximum of 3 years.

The development plan shall:

1. Outline the State's plan of action to qualify it for implementation funds;
2. Itemize the total program cost by functional categories and dedicate adequate State funds for this program;
3. Include an estimate of when the State will meet the minimum criteria for an implementation grant;

4. Designate the State motor carrier safety agency responsible for administering the program for the State; and
5. Include an agreement to initiate any legislative, administrative, or regulatory action necessary to qualify for an implementation grant.

Conditions for implementation grant approval.

1. The State shall agree to adopt, and to assume responsibility for enforcing the Federal Motor Carrier Safety Regulations (FMCSR) and highway related portions of the Federal Hazardous Materials Regulations (FHMR) or compatible State rules, regulations, standards, and orders applicable to motor carrier safety, including highway transportation of hazardous materials.
2. The State shall submit a State enforcement plan (SEP) for the conduct of an effective safety program for acceptance. The SEP shall:
 - a. Provide an assessment of the commercial motor carrier and highway hazardous materials safety problems within the State;
 - b. Determine the aggregate costs of the motor carrier safety enforcement efforts incurred by the State and political subdivisions during the two full fiscal years prior to January 6, 1983, exclusive of Federal funds and State participating shares on which such funds were conditioned;
 - c. Demonstrate that the State has authority to regulate and plans to enforce its regulations with respect to private carriers of property as well as for-hire motor carriers; and
 - d. Describe in detail the objectives sought to be achieved, the resources to be employed, the work items to be performed, the unit costs where feasible and the methods to be used to measure effectiveness. Specifically, the SEP shall:
 - (1) Identify other agencies participating in the plan and describe the roles of each;
 - (2) Identify the number and category of personnel employed and the specialized training provided; and
 - (3) Include roadside inspection activity at such times and locations as will assure comprehensive enforcement.
3. The SEP shall designate the State motor carrier safety agency responsible for administering the plan for the State.
4. The designated motor carrier safety agency and other agencies named to perform functions under the plan shall have the legal authority, resources, and qualified personnel necessary to enforce the FMCSR and FHMR or compatible State rules.
5. The State shall allocate adequate funds for the administration of the SEP and the enforcement of the FMCSR and FHMR or compatible State rules.
6. State laws shall provide for right of entry and inspection by State personnel sufficient to enforce the FMCSR and FHMR or compatible State rules and to perform the activities set forth in the SEP.

7. The designated State agency shall agree to prepare and submit reports required in connection with the SEP upon request.
8. The designated State agency shall agree to adopt such uniform reporting requirements and use such uniform forms to record work activities performed under the SEP as may be established and required.
9. The State shall require registrants of commercial motor vehicles to declare, at the time of registration, knowledge of the FMCSR and FHMR or compatible State rules, as applicable.
10. The statutory authority of the State to regulate motor carriers shall extend to private motor carriers of property as well as for-hire motor carriers.

SENATOR LAUTENBERG: How many States have had enforcement delegated to them? How many have been given grants? How many will be given grants in FY '86?

ANSWER: No State has had enforcement responsibilities delegated to it. The Surface Transportation Assistance Act of 1982 authorized the Federal Government to administer a grant to any State which applied and qualified under the requirements for such a grant. The basic requirement for States to obtain a grant is to adopt and enforce the Federal Motor Carrier Safety Regulations or compatible State rules. States which cannot qualify within the year that it is applying may request a development grant.

In FY '84, forty-six (46) States participated in the program, twenty-nine (29) in development, and seventeen (17) in implementation. Forty-eight (48) States participated in FY '85, twenty (20) in development, and twenty-eight (28) in implementation. Fifty-six (56) States are projected to participate in FY '86, with an increase of implementation States to forty-nine (49).

SENATOR LAUTENBERG: How are the grants structured?

ANSWER: The discretionary grants are structured on the basis of up to 80 percent Federal funding of the new enhancement effort over and above the State's average motor carrier safety expenditures in the 2 years prior to the enabling legislation. In order to facilitate maximum State participation, the FHWA elected to distribute funding using a formula process.

SENATOR LAUTENBERG: What is the Federal contribution?

ANSWER: The Federal share of approved State programs is a figure which statutorily cannot exceed 80 percent of the total State enhancement effort.

SENATOR LAUTENBERG: Do they take into account how much hazardous material is transported through the State? (Do you have a figure on this? It would be interesting to know how this figure compares to the volume of hazardous wastes transported through the State.)

ANSWER: All States were requested, in the development of their grant applications and State Enforcement Plans, to stipulate the volumes or relationships of hazardous materials movements within their State. The majority of States did not have data to define this segment of the problem and used the Federal projection that approximately 12-15 percent of motor carrier movements involve

the transportation of hazardous materials. No substantive data was requested or made available on the specific volume of hazardous waste as opposed to all hazardous materials movement within each State.

SENATOR LAUTENBERG: Because of my work on emergency response under the Superfund Law, I'm interested in the safety equipment provided by your program -- can you briefly describe what this consists of? At what expense to the program?

ANSWER: The FHWA and its State grant program do not have a direct functional relationship with Superfund activity. However, both FHWA's motor carrier safety enforcement and the Superfund effort must address the common issue associated with the transportation of hazardous materials, including waste and it may be concluded that an interface relationship exists with emergency response/Superfund.

In order to carry out the FHWA responsibilities, the Federal work force is equipped with inspection, violation, detection, and individual self-protection-type equipment (i.e., safety anti-contamination kit, which consists of a respirator, a sightguard headgear assembly, soft frame goggles, a sightguard visor, a coverall with hood, vinyl boots (disposable), latex gloves, plastic-coated gloves, a disposal bag for contaminated items).

The kit is suitable only for the least hazardous levels of responses under standards developed by the Environmental Protection Agency in "Levels of Protection."

Radiation detection and cargo tank thickness measuring devices are classic examples of inspection and detection equipment. The overall expense to the Federal program is considered commensurate with the assignment of responsibility and availability of resources with regard to State program equipment. Each State's needs vary as required in the individual State's enforcement plan. Initial year hazardous materials equipment expenditures have been minimal, but we anticipate these costs to increase in later years of the grant program as additional training permits a heavier concentration of effort on hazardous materials regulation enforcement.

SENATOR LAUTENBERG: Does the agency maintain a computer-assisted incident response hotline for emergency response use? Could you set one up, and at what cost to the agency?(Could you provide that information for the record?)

(Similar to the Chemical Manufacturers' Association's CHEMTREC for their member companies--the majority of their users are their own companies.)

ANSWER: The Federal Highway Administration (FHWA) does not maintain a computer-assisted response hotline for emergency use. Of course, a computer-assisted response hotline could be established within FHWA, but at a substantial cost to the Government.

While a governmentally operated response hotline could be instituted, we question the wisdom of spending limited tax dollars to create a mirror image of the viable hotline program presently being operated by the Chemical Manufacturers' Association. The Chemical Transportation Emergency Center (CHEMTREC) provides information and/or assistance to individuals and organizations involved in or responding to chemical or hazardous material emergencies, whether or not they are members of the Chemical Manufacturers' Association.

The CHEMTREC operates 24 hours a day, 7 days a week, to receive telephone calls on its "800" telephone number. Its primary mission is to help in transportation incidents, but it also provides support in chemical and hazardous materials emergencies in nontransportation situations.

SENATOR LAUTENBERG: Mr. Barnhart on page 6 of your statement, you mention your budget proposal to merge the Interstate Substitute Program for Highways and Transit. When a highway is traded in for substitute highway or transit funds, they are now funded out of two separate programs. What is the present size of the two programs you wish to merge and what will be their size after the merger?

ANSWER: Currently for FY 1986 the Transit portion is authorized at \$400 million while for Highways the authorization is \$725 million. If our proposal is approved, the total program for FY 1986 would amount to \$725 million.

SENATOR LAUTENBERG: Presently half of those transit funds in the substitute category go out under a formula while the other half are in a discretionary account. How will the combined program be administered? At whose discretion will the grants be made?

ANSWER: This will require a legislative change. A single discretionary percentage (the 25 percent currently established for substitute highway projects) for both highways and transit is under consideration. Current law calls for the discretionary substitution funds to be "distributed at the discretion of the Secretary". Currently, we are not considering amending this provision.

PANAMA CANAL COMMISSION

STATEMENT OF WILLIAM R. GIANELLI, SECRETARY OF DEFENSE
REPRESENTATIVE FOR PANAMA CANAL AFFAIRS AND CHAIRMAN OF
THE BOARD, PANAMA CANAL COMMISSION

ACCOMPANIED BY:

DENNIS P. MCAULIFFE, ADMINISTRATOR OF THE PANAMA CANAL
COMMISSION

WALTER D. BJORSETH, CHIEF FINANCIAL OFFICER

MICHAEL RHODE, JR., SECRETARY

INTRODUCTION OF WITNESSES

Senator ANDREWS. Our next witnesses have to do with the Panama Canal Commission. Good to have you back. I have to get on the phone and talk for just a moment.

[Pause.]

With us today is William Gianelli, Secretary of Defense Representative for Panama Canal Affairs, Chairman of the Board, Panama Canal Commission, and Dennis McAuliffe, Administrator.

Welcome back. Good to have you here. Let me assure you that your statements will be included in their entirety in the record. You can proceed any way you want.

PREPARED STATEMENTS

Mr. GIANELLI. Thank you, Mr. Chairman. First of all, again for the record, I am William R. Gianelli, Special Assistant to the Secretary of Defense for Panama Canal Affairs. As you indicated, Mr. Chairman, I am Chairman of the Board of the Panama Canal Commission.

Also with me today is Mr. Dennis P. McAuliffe, on my right, Administrator of the Commission, and we have a number of staff who are available to assist in answering any questions which the committee may have.

We did have an oral statement, Mr. Chairman, but in the interest of saving time at the pleasure of the committee we would be pleased to submit our formal statement for the record, as you indicated, and be prepared to try to answer any questions that you may have.

[The statements follow:]

STATEMENT OF WILLIAM R. GIANELLI

INTRODUCTION

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM WILLIAM R. GIANELLI, SPECIAL ASSISTANT TO SECRETARY OF DEFENSE FOR PANAMA CANAL AFFAIRS AND CHAIRMAN OF THE BOARD OF THE PANAMA CANAL COMMISSION. I AM PLEASED TO APPEAR BEFORE YOU TODAY TO REQUEST APPROPRIATION FOR THE FISCAL YEAR 1986 BUDGET PROGRAMS OF THE PANAMA CANAL COMMISSION, THE AGENCY RESPONSIBLE FOR THE OPERATION OF THE PANAMA CANAL. PARTICIPATING WITH ME IS DENNIS P. MCAULIFFE, THE ADMINISTRATOR OF THE COMMISSION.

MR. CHAIRMAN, I WANTED TO AFFIRM THAT THE ADMINISTRATION HAS APPROVED THE BUDGET SUBMISSION OF THE COMMISSION AND THAT IT IS IN ACCORD WITH THE PROGRAM OF THE PRESIDENT. I MIGHT ADD ALSO THE COMMISSION IS REFLECTING A 5% REDUCTION IN PAYROLL COSTS, WHICH CONFORMS WITH THE PRESIDENT'S OBJECTIVE OF REDUCING PERSONNEL COST IN 1986. WE BELIEVE THAT ENACTMENT OF THIS BUDGET REQUEST WILL ALLOW THE CANAL TO CONTINUE TO BE OPERATED EFFICIENTLY AND TO SERVE WORLD COMMERCE.

SIGNIFICANT MILESTONE

THIS PAST YEAR, A SIGNIFICANT MILESTONE WAS REACHED AT THE CANAL. IN AUGUST, WE CELEBRATED THE SEVENTIETH ANNIVERSARY OF THE OPENING OF THE WATERWAY -- AN EVENT THAT IS A REMINDER OF AMERICAN IDEALS, INGENUITY AND ACHIEVEMENT. THE COMPLETION OF A WATER PASSAGE TO UNITE TWO GREAT OCEANS IN 1914 WAS A FORESIGHTED ACCOMPLISHMENT THAT HAS PROVIDED IMMEASURABLE ECONOMIC BENEFITS TO WORLD COMMERCE. SINCE ITS INCEPTION, THE CANAL'S CONTRIBUTION TO WORLD TRADE HAS GROWN RATHER THAN DIMINISHED, AND IT SHOULD REMAIN AN IMPORTANT TRANSPORTATION ARTERY FOR MANY YEARS TO COME. IT IS NOTEWORTHY THAT, AT

SEVENTY YEARS OF AGE, THE WATERWAY IS IN EXCELLENT CONDITION IN TERMS OF BOTH ITS PHYSICAL PLANT AND CAPACITY FOR PROVIDING SAFE AND EFFICIENT SERVICE.

FIVE YEAR FINANCIAL RESULTS

WITH THE CLOSE OF FISCAL YEAR 1984, THE COMMISSION COMPLETED ITS FIFTH YEAR OF OPERATION - A PERIOD REPRESENTING ONE-FOURTH OF ITS STATUTORY LIFE. DURING THIS PERIOD, THE COMMISSION HAS BEEN FACED WITH MANY DIFFICULT CHALLENGES. INCLUDED AMONG THESE CHALLENGES WERE:

- (1) ENTERING INTO A TREATY ENVIRONMENT FAR DIFFERENT FROM THE PAST;
- (2) ACCOMMODATION TO AN ORGANIZATIONAL AND FINANCIAL STRUCTURE VASTLY DIFFERENT FROM THAT OF ITS PREDECESSOR AGENCY;
- (3) THE REALIZATION OF ONE IMPORTANT ALTERNATIVE TO THE CANAL (THE OPENING OF THE TRANS-PANAMA OIL PIPELINE);
- (4) A SEVERE WORLDWIDE RECESSION FROM WHICH THE MARITIME INDUSTRY HAS NOT YET FULLY RECOVERED; AND
- (5) A CONTINUATION OF INFLATION, ALTHOUGH AT A LOWER RATE THAN AT THE BEGINNING OF THE PERIOD.

THESE CHALLENGES HAVE BEEN DEALT WITH AND THE RESULTS, I BELIEVE, DEMONSTRATE THE PERSONAL AND PROFESSIONAL RESPONSIBILITY AND COMMITMENT OF THE ENTIRE COMMISSION WORKFORCE TO MANAGE AND OPERATE THE PANAMA CANAL IN THE MOST EFFICIENT AND EFFECTIVE WAY POSSIBLE.

IN THE FINANCIAL AREA, IT IS WORTHY TO MENTION THAT THE COMMISSION WAS SUCCESSFUL IN MEETING ITS MANDATE TO OPERATE AT NO COST TO THE U.S. TAXPAYER, INCURRING \$1.982 BILLION OF EXPENSES OVER THE PERIOD, WHILE GENERATING \$1.987 BILLION IN REVENUES. IN ADDITION, RECEIPTS WERE SUFFICIENT TO SUSTAIN A SUFFICIENTLY HIGH LEVEL OF CAPITAL INVESTMENT TO ENHANCE CANAL SAFETY AND EFFICIENCY. RATE STABILITY WAS ALSO MAINTAINED OVER

THIS PERIOD WITH THE ONE 9.8% INCREASE IN TOLL RATES WHICH HELPED OFFSET THE REVENUE LOSS FROM THE OPENING OF THE PIPELINE, BEING SUBSTANTIALLY LESS THAN INFLATION FOR THE PERIOD.

PROGRESS HAS ALSO BEEN MADE BY THE COMMISSION IN OTHER AREAS. THE COMPOSITION OF THE COMMISSION WORKFORCE, FOR EXAMPLE, FROM OCTOBER 1980 TO OCTOBER 1984, REFLECTS AN INCREASE IN THE PROPORTION OF PANAMANIAN EMPLOYEES AS WELL AS AN INCREASE IN THE NUMBER OF THOSE HAVING HIGHLY SKILLED JOB POSITIONS. CONTRIBUTING TO THIS OBJECTIVE OF INCREASING PANAMANIAN PARTICIPATION THROUGHOUT THE ORGANIZATION ARE THE COMMISSION'S EXTENSIVE TRAINING PROGRAMS. THESE PROGRAMS HAVE MET, AND ARE EXPECTED TO CONTINUE TO MEET, THE COMMISSION'S FUTURE PERSONNEL REQUIREMENTS IN THE TECHNICAL AND ADMINISTRATIVE AREAS.

APPROPRIATION REQUEST

THE PANAMA CANAL COMMISSION IS REQUESTING AN APPROPRIATION FOR FISCAL YEAR 1986 OF \$446.8 MILLION OF WHICH \$420.3 MILLION IS FOR OPERATING EXPENSES AND \$26.5 MILLION IS FOR THE CAPITAL PROGRAM. MR. MCAULIFFE WILL ADDRESS THIS REQUEST IN MORE DETAIL, BUT I WANT TO REVIEW SEVERAL IMPORTANT FEATURES OF THIS YEAR'S REQUEST.

FIRST, DESPITE SEVERAL YEARS OF DELIBERATION ON THE MATTER OF GENERAL FUND VS SPECIAL FUND FINANCING FOR COMMISSION APPROPRIATIONS, THE MATTER, I BELIEVE, HAS BEEN RESOLVED. THE SPECIAL FUND CONCEPT HAS BEEN RETAINED. ACCORDINGLY, THE FISCAL YEAR 1986 APPROPRIATION WILL CONTINUE TO COME FROM THE SPECIAL PANAMA CANAL COMMISSION FUND RATHER THAN THE GENERAL FUND OF THE TREASURY AS REQUESTED LAST YEAR.

ANOTHER ITEM I WOULD LIKE TO BRIEFLY TOUCH UPON IS THAT THE COMMISSION'S 1986 BUDGET REQUEST WOULD AUTHORIZE THE TRANSFER FROM THE PANAMA CANAL COMMISSION FUND TO THE MISCELLANEOUS RECEIPT ACCOUNT OF THE TREASURY OF INTEREST ON THE U.S. INVESTMENT COLLECTED DURING THAT YEAR AND THEREAFTER. THE AMOUNT ESTIMATED FOR 1986 IS \$10 MILLION FOR WHICH THE COMMISSION HAS REQUESTED APPROPRIATIONS.

THE COMMISSION'S OPERATING AND CAPITAL REQUIREMENTS FOR 1986 ARE ALL COVERED BY RESOURCES IN, OR EXPECTED TO BE IN, THE PANAMA CANAL COMMISSION FUND.

FY 1985 SUPPLEMENTAL REQUESTS

MR. CHAIRMAN, THERE ARE TWO ASPECTS OF OUR FISCAL YEAR 1985 SUPPLEMENTAL REQUEST OF WHICH I WISH TO MAKE YOU AWARE. AS IN THE CASE OF THE FISCAL YEAR 1986 BUDGET REQUEST, MR. MCAULIFFE WILL ADDRESS THE SUBJECT IN MORE DETAIL. HOWEVER, I WANTED TO POINT OUT THAT A PORTION OF THE REQUEST PROVIDES FOR THE PAYMENT OF OUR FISCAL YEAR 1984 PROFIT TO PANAMA UNDER THE TERMS OF THE TREATY. THE REMAINDER ASKS FOR RESTORATION OF A PORTION OF OUR CAPITAL REQUEST REDUCED IN HASTE IN THE FINAL HOURS OF THE 98TH CONGRESS. WE BELIEVE THAT REPLACEMENT OF A PORTION OF THESE FUNDS IS ESSENTIAL TO OUR PROGRAM OF REPLACING EQUIPMENT THAT GENERALLY HAS PASSED ITS USEFUL LIFE.

BOARD ACTIVITIES

LAST YEAR I BROUGHT TO THE ATTENTION OF THIS COMMITTEE THE BOARD APPROVED THREE STEP PLAN TO ELIMINATE THE DISPARATE WAGE SYSTEM WHICH WAS ESTABLISHED AFTER TREATY IMPLEMENTATION. THE WAGE SYSTEM PROVIDED LOWER WAGES FOR CERTAIN EMPLOYEES HIRED IN PANAMA AFTER OCTOBER 1, 1979. I AM PLEASED TO SAY THAT STEPS ONE AND TWO OF THE PLAN TO DISESTABLISH THAT SYSTEM HAVE BEEN

IMPLEMENTED AND STEP THREE WILL OCCUR ON OCTOBER 1, 1985. THIS FINAL STEP WILL RESULT IN PROVIDING A UNIFORM WAGE SYSTEM THAT WILL PROVIDE CONSISTENT SALARY TREATMENT FOR ALL EMPLOYEES OF THE COMMISSION.

ANOTHER ITEM WHICH HAS BEEN OF CONSIDERABLE CONCERN TO BOTH EMPLOYEES AND MANAGEMENT ALIKE OF THE COMMISSION IS THE LOSS THIS PAST OCTOBER OF MILITARY PURCHASE AND POSTAL PRIVILEGES BY U. S. CITIZEN EMPLOYEES OF THE COMMISSION. IN CONSIDERATION OF THE SERIOUS MONETARY IMPACT THIS ACTION WOULD HAVE ON AN IMPORTANT PART OF THE WORKFORCE, THE BOARD AT ITS JULY 1984 MEETING APPROVED AN EQUITY ADJUSTMENT PACKAGE IN LIEU OF A COST OF LIVING ALLOWANCE WHICH, WAS AUTHORIZED, BUT NOT REQUIRED BY PUBLIC LAW 96-70. THE MAJOR ELEMENTS OF THE EQUITY ADJUSTMENT PACKAGE ARE: PROVISION, AT NO CHARGE, OF QUARTERS AND ELECTRICITY AND A SPECIAL ADDITIVE FOR RESIDENTS IN REMOTE AREAS AND FOR INDIVIDUALS LIVING IN NON-COMMISSION MANAGED HOUSING.

IN ADDITION, USE OF THE DIPLOMATIC POUCH WAS AUTHORIZED BY THE DEPARTMENT OF STATE. THE EQUITY ADJUSTMENT PACKAGE, COMBINED WITH USE OF THE DIPLOMATIC POUCH, IS INTENDED TO GENERALLY OFFSET THE MONETARY LOSSES INCURRED BY AFFECTED EMPLOYEES. ALTHOUGH THERE HAVE BEEN INDICATIONS OF DISATISFACTION WITH CERTAIN ASPECTS OF THE EQUITY ADJUSTMENT PACKAGE, I BELIEVE THE GENERAL CONCENSUS IS THAT IT HAS SERVED A USEFUL PURPOSE IN ENHANCING EMPLOYEE MORALE AND THE RETENTION OF A SKILLED WORKFORCE.

PAYMENTS TO PANAMA

EARLIER I MENTIONED THAT THE COMMISSION HAD REVENUES AND EXPENSES EACH APPROACHING \$2.0 BILLION FOR THE FIVE YEAR PERIOD 1980-1984. THIS HAS RESULTED IN APPROXIMATELY \$5 MILLION OF

CONTINGENCY PAYMENTS TO THE REPUBLIC OF PANAMA SINCE FY 1980. HOWEVER, THE COMMISSION HAS MADE OTHER PAYMENTS WHICH IN THE AGGREGATE AMOUNT TO A SIGNIFICANT ECONOMIC BENEFIT TO THE REPUBLIC OF PANAMA. WHEN COMBINED WITH THE ANNUAL FIXED ANNUITY PAYMENT, THE REIMBURSEMENT FOR PUBLIC SERVICES AND THE NET TONNAGE PAYMENT ASSESSED SHIP TRANSITING THE CANAL, THE TOTAL CUMULATIVE PAYMENTS TO THE REPUBLIC OF PANAMA FOR THE FIVE YEAR PERIOD EXCEED \$375 MILLION.

OF THESE PAYMENTS, THE SINGLE LARGEST ITEM IS THE TONNAGE PAYMENT BASED ON PANAMA CANAL NET TONS TRANSITING THE CANAL. THIS PAYMENT FOR THE FIRST FIVE YEARS WAS BASED ON .30 CENTS PER TON TRANSITING AND AMOUNTED TO ABOUT \$50 MILLION ANNUALLY. EFFECTIVE OCTOBER 1, 1984, THE RATE WAS INCREASED FOR THE FIRST TIME TO .31 CENTS BASED ON A REQUIREMENT OF THE TREATY TO ADJUST THE RATE FOR INFLATION AFTER THE FIFTH YEAR OF THE TREATY. SUBSEQUENT ADJUSTMENTS ARE TO BE MADE EVERY TWO YEARS, THE NEXT TO OCCUR IN FISCAL YEAR 1987.

CONCLUSION

IN CLOSING MR. CHAIRMAN, THE OPERATING AND CAPITAL BUDGETS PROGRAMS FOR 1986 WILL ALLOW US TO CONTINUE OPERATING THE CANAL IN A SAFE, EFFICIENT MANNER AND TO MAKE ESSENTIAL INVESTMENTS IN CANAL PLANT AND FACILITIES TO ENSURE THAT THE CANAL CONTINUES TO SERVE WORLD COMMERCE.

WE APPRECIATE THE ASSISTANCE RECEIVED FROM THIS COMMITTEE OVER THE YEARS - IT HAS BEEN INSTRUMENTAL IN THE SUCCESSFUL OPERATION OF THE PANAMA CANAL.

THAT CONCLUDES MY PREPARED REMARKS, I RECOMMEND THAT MR. MCAULIFFE PRESENT HIS STATEMENT AND WE BOTH WILL THEN BE AVAILABLE FOR QUESTIONS.

STATEMENT OF DENNIS P. MCAULIFFE

INTRODUCTION

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM DENNIS P. MCAULIFFE, ADMINISTRATOR OF THE PANAMA CANAL COMMISSION. I AM PLEASED TO APPEAR BEFORE YOU TODAY TO REQUEST APPROPRIATION FOR THE FISCAL YEAR 1986 BUDGET PROGRAMS OF THE PANAMA CANAL COMMISSION, THE AGENCY RESPONSIBLE FOR THE OPERATION OF THE PANAMA CANAL.

FY 1984

FROM A FINANCIAL STANDPOINT, 1984 WAS A SUCCESSFUL YEAR FOR THE CANAL ORGANIZATION, ALBEIT A DIFFICULT ONE. THE DECLINE IN SHIP TRAFFIC EXPERIENCED IN 1983 AS A RESULT OF THE WORLDWIDE RECESSION CONTINUED DURING THE FIRST PART 1984. HOWEVER, WE DID SEE THE EXPECTED SLIGHT INCREASE IN THE LAST PORTION OF THE FISCAL YEAR. ALTHOUGH THE NUMBER OF OCEANGOING CANAL TRANSITS DECLINED FROM 11,846 IN 1983 TO 11,384 IN 1984, TOLLS INCOME ROSE FROM \$287.8 MILLION IN 1983 TO \$289.2 MILLION IN 1984, REFLECTING THE FULL YEAR IMPACT OF THE TOLL RATE INCREASE OF MARCH 1983. THUS, WHILE THE LEVEL OF TRAFFIC WAS OFF SOMEWHAT, REVENUE WAS SLIGHTLY ABOVE THE 1983 LEVEL. NEVERTHELESS, THIS PLACED A REQUIREMENT ON THE COMMISSION TO CONTINUE TO CONSTRAIN COSTS.

FORTUNATELY, THE COMMISSION WAS IN A POSTURE TO CONTINUE WITH AUSTERITY PROGRAMS ALREADY IN EFFECT TO COUNTER THE SEVERE DROP-OFF IN TRAFFIC THAT TOOK PLACE IN 1983, AS WELL AS TO PROCEED WITH OTHER EFFICIENCIES. WE ARE PLEASED TO REPORT THAT THE OUTCOME WAS SUCCESSFUL. OPERATING RESULTS FOR 1984, WHICH ARE STILL SUBJECT TO AUDIT BY THE GENERAL ACCOUNTING OFFICE, SHOW A NET MARGIN OF \$6.3 MILLION. OF THAT AMOUNT, \$4.1 MILLION WILL BE APPLIED TO COVER THE OPERATING DEFICIT INCURRED IN 1983, WITH THE REMAINDER SUBJECT TO PAYMENT TO PANAMA AS PROFIT IN ACCORDANCE WITH THE TREATY PROVISIONS.

OUTLOOK FOR FUTURE

LOOKING TO THE FUTURE, ALTHOUGH THE TRAFFIC LEVELS EXPERIENCED IN 1983 AND 1984 WERE LOW, REFLECTING THE MALAISE IN MARITIME TRADE, SOME RECOVERY WAS EVIDENT DURING THE LAST FEW MONTHS, AS I HAVE ALREADY INDICATED. THE RECOVERY IN FISCAL YEAR 1985 SHOULD COMPRISE INCREASES IN MOST CANAL TRADES. AVERAGE SHIP SIZE IS ALSO EXPECTED TO GROW THIS YEAR, REFLECTING THE ENTRY OF LARGER NEW ADDITIONS TO THE WORLD MERCHANT FLEETS. FISCAL YEAR 1986 TRAFFIC AND TOLLS REVENUE ARE FORECAST TO SHOW FURTHER GAINS, BUT THIS GROWTH IS EXPECTED TO BE MORE MODEST THAN THE IMPROVEMENTS FORECAST FOR 1985. ON THE BASIS OF THIS UPSWING IN TRAFFIC, WE ARE PREDICTING THAT, IN 1986, THE COMMISSION WILL AGAIN BE ABLE TO MAINTAIN A BALANCE BETWEEN REVENUE AND COSTS WITHOUT THE NEED FOR AN INCREASE IN TOLL RATES.

TRAINING

OUR TRAINING PROGRAMS CONTINUE TO BE EXTENSIVE, IN KEEPING WITH THE TREATY OBJECTIVE OF INCREASED PANAMANIAN PARTICIPATION. DURING FISCAL YEAR 1984, THE TRAINING NEEDS OF THE COMMISSION EXPANDED BEYOND THE CRAFT AND TECHNICAL AREAS TO THE ADMINISTRATIVE AREA. OUR COMMITMENT TO ON-GOING INDUSTRIAL TRAINING PROGRAMS HAS NOT DIMINISHED AS THEY CONTINUE TO MEET OUR IMMEDIATE AND LONG-TERM NEEDS. OVER 90 PERCENT OF THIS TRAINING IS DIRECTED TOWARDS PANAMANIAN EMPLOYEES. IN ADDITION TO CRAFT TRAINING AND THE NEW PILOT UNDERSTUDY PROGRAM, WE HAVE RECENTLY ESTABLISHED A CAREER INTERN PROGRAM WHICH IS DESIGNED TO BRING YOUNG PANAMANIAN COLLEGE GRADUATES INTO THE ORGANIZATION AT ENTRY LEVELS AND TO DEVELOP THEM TO FULL PERFORMANCE LEVELS IN ADMINISTRATIVE AND PROFESSIONAL FIELDS.

IN OUR ON-GOING COMMITMENT TO THE SAFETY OF OUR EMPLOYEES

AND THE USERS OF THE CANAL, WE HAVE IDENTIFIED VARIOUS SAFETY TRAINING NEEDS AND ARE CARRYING OUT A VIGOROUS SAFETY TRAINING PROGRAM IN ACCORDANCE WITH OUR COMMITMENT TO THE SAFETY OF OUR EMPLOYEES AND CANAL USERS.

TREATY-RELATED MATTERS

THE TRANSFER OF 680 EXCESS HOUSING UNITS IN 1984 TO THE REPUBLIC OF PANAMA, WHICH WAS BROUGHT TO THE ATTENTION OF THE CONGRESS LAST YEAR, WAS ACCOMPLISHED SUCCESSFULLY. OF THESE, NEARLY HALF WERE LEASED BACK BY PANAMA TO THE U.S. MILITARY FORCES FOR THEIR USE. APPROPRIATE NOTIFICATION HAS BEEN GIVEN TO CONGRESS TO TRANSFER ANOTHER 500 HOUSING UNITS TO THE GOVERNMENT OF PANAMA DURING FISCAL YEAR 1985, AND A REVIEW CURRENTLY IS UNDERWAY TO ASCERTAIN THE FEASIBILITY OF TRANSFERRING UP TO 300 ADDITIONAL HOUSING UNITS BY THE END OF THE CALENDAR YEAR. HOUSING UNITS WHICH ARE EXCESS TO THE COMMISSION'S NEED HAVE RESULTED PRINCIPALLY FROM THE FACT THAT, IN ACCORDANCE WITH THE TREATY, THE COMMISSION CAN NO LONGER PROVIDE HOUSING FOR EDUCATIONAL AND MEDICAL PERSONNEL OF THE DEPARTMENT OF DEFENSE AGENCIES IN THE CANAL AREA AS HAD BEEN PERMITTED DURING THE FIRST FIVE YEARS OF THE TREATY. THE RELEASE OF EXCESS HOUSING UNITS ENABLES THE COMMISSION TO BEST MEET THE HOUSING NEEDS FOR REMAINING ELIGIBLE EMPLOYEES AND THEIR FAMILIES IN THE MOST COST EFFECTIVE MANNER.

LABOR/MANAGEMENT RELATIONS

THE COMMISSION CONTINUES TO MAKE STRIDES IN THE LABOR/MANAGEMENT AREA. DURING FISCAL YEAR 1984, NEGOTIATIONS WERE SUCCESSFULLY COMPLETED WITH THE PROFESSIONAL EMPLOYEE BARGAINING UNIT. THIS FIFTH AND FINAL COLLECTIVE BARGAINING AGREEMENT BECAME EFFECTIVE IN APRIL, 1984. THIS AGREEMENT

EXTENDED THE NUMBER OF COMMISSION EMPLOYEES COVERED BY COLLECTIVE BARGAINING CONTRACTS TO OVER 7,900 OR 96 PERCENT OF THE WORK FORCE.

IN FEBRUARY 1984, REPRESENTATIVES OF THE COMMISSION AND THE PANAMA CANAL PILOTS COMMENCED RENEGOTIATING THE 1981 COLLECTIVE BARGAINING AGREEMENT WHICH WAS SCHEDULED TO EXPIRE IN MARCH OF THAT YEAR. WITH THE PARTICIPATION OF A FEDERAL MEDIATOR, TENTATIVE AGREEMENT WAS REACHED. HOWEVER, THE UNION MEMBERSHIP SUBSEQUENTLY REJECTED THE AGREEMENT AND THE DISPUTE WAS REFERRED TO THE FEDERAL SERVICE IMPASSES PANEL. THIS MARKED THE FIRST INVOLVEMENT BY THE PANEL IN A COMMISSION BARGAINING DISPUTE. THE PANEL'S DESIGNATED MEDIATOR/ARBITRATOR, MR. ROBERT HOWLETT, A PANEL MEMBER, COMPLETED HIS EFFORTS TO MEDIATE THE DISPUTE AND, IN LATE JANUARY, PROVIDED HIS FINDINGS ON THE DISPUTE ISSUES TO BOTH PARTIES FOR IMPLEMENTATION. THE RESULTANT THREE-YEAR CONTRACT IS EXPECTED TO TAKE EFFECT IN LATE MARCH OR EARLY APRIL.

APPROPRIATION REQUEST

AS INDICATED BY MR. GIANELLI IN HIS TESTIMONY, THE COMMISSION REQUESTS AN APPROPRIATION OF \$420.3 MILLION FOR OPERATIONAL REQUIREMENTS AND \$26.5 MILLION FOR CAPITAL EQUIPMENT AND CONSTRUCTION IN FISCAL YEAR 1986. THIS LATTER AMOUNT IS TO REMAIN AVAILABLE UNTIL EXPENDED. THE AMOUNT REQUESTED WILL BE FULLY FINANCED FROM CANAL REVENUES.

OPERATING EXPENSES

THE APPROPRIATION REQUESTED FOR OPERATING EXPENSES IN FISCAL YEAR 1986 IS \$420.3 MILLION. THE MAJOR COST COMPONENTS INCLUDE \$184.8 MILLION FOR PERSONNEL COMPENSATION, \$64.0 MILLION FOR

SUPPLIES AND MATERIALS, AND \$76.2 MILLION FOR TREATY PAYMENTS TO PANAMA.

THE AMOUNT REQUESTED FOR OPERATION, REPRESENTS APPROXIMATELY A 4.4% INCREASE OVER THE LEVEL ALLOWED IN 1985. THIS INCREASE IS ALMOST WHOLLY ATTRIBUTABLE TO COST ESCALATION AND \$10 MILLION ASSOCIATED WITH A NEW REQUIREMENT FOR FUNDING THROUGH APPROPRIATIONS INTEREST PAYMENTS INTO THE GENERAL FUND OF THE TREASURY.

CAPITAL PROGRAM

APPROPRIATIONS SCHEDULED FOR 1986 UNDER THE COMMISSION'S CAPITAL OUTLAY PROGRAM AMOUNT TO \$26.5 MILLION. SIGNIFICANT PROJECTS FUNDED IN THE 1986 CAPITAL PROGRAM INCLUDE REPLACEMENT OF A TUGBOAT (\$3.5 MILLION); PROCUREMENT OF TWO TOWING LOCOMOTIVES (\$2.9 MILLION); INSTALLATION OF A SPECIAL FIRE PROTECTION SYSTEM AT THE LOCKS (\$1.4 MILLION) AND REPLACEMENT OF ELECTRICAL TRANSFORMERS CONTAINING THE CHEMICAL PCB AT LOCK FACILITIES (\$700 THOUSAND). IN ADDITION, THE PROGRAM PROVIDES FOR A VARIETY OF RECURRING PROJECTS OF WHICH THE MAJORITY ARE DEVOTED TO THE TRANSIT AND RELATED ACTIVITIES. THESE PROJECTS WILL CONTRIBUTE TO THE OVERALL SAFETY AND EFFICIENCY OF OPERATIONS.

SUMMARY OF OPERATING OBJECTIVES

AS WE ENTER THE SEVENTY-FIRST YEAR OF OPERATION OF THE CANAL AND THE SIXTH YEAR SINCE IMPLEMENTATION OF THE PANAMA CANAL TREATY, WE ARE CONFIDENT THAT THE CANAL ORGANIZATION WILL KEEP PACE WITH THE CHANGING NEEDS OF WORLD SHIPPING. OUR PRIORITY OBJECTIVE IS TO PROVIDE RELIABLE, EFFICIENT AND SAFE SERVICE AT A COST THAT IS MORE THAN COMPETITIVE WITH OTHER TRANSPORTATION ALTERNATIVES. OF MAJOR IMPORTANCE TO THIS GOAL IS THE NEED TO

TRAIN AND INCREASE THE PARTICIPATION OF PANAMANIAN EMPLOYEES AT ALL LEVELS OF THE ORGANIZATION.

THE OPERATING AND CAPITAL PROGRAMS FOR 1986 AS PRESENTED WILL PERMIT US TO PURSUE THESE OBJECTIVES SUCCESSFULLY. THIS CONCLUDES MY PRESENTATION OF THE FISCAL YEAR 1986 BUDGET FOR THE PANAMA CANAL COMMISSION. BEFORE ANSWERING ANY QUESTIONS YOU MAY HAVE, I WOULD LIKE ALSO TO BRIEFLY PRESENT OUR REQUEST FOR SUPPLEMENTAL AUTHORIZATIONS FOR FISCAL YEAR 1985.

FY 1985 SUPPLEMENTAL REQUESTS

THE PANAMA CANAL COMMISSION IS REQUESTING AUTHORITY THROUGH THE SUPPLEMENTAL APPROPRIATION PROCESS TO REPROGRAM FISCAL YEAR 1985 FUNDS FOR TWO PURPOSES. THE FIRST IS TO ENABLE THE PANAMA CANAL COMMISSION TO PAY THE GOVERNMENT OF PANAMA THE OBLIGATIONS ARISING FROM THE 1984 OPERATIONS PURSUANT TO PARAGRAPH 4(C) ARTICLE XIII OF THE PANAMA CANAL TREATY OF 1977, COMMONLY REFERRED TO AS THE "CONTINGENT PROFIT PAYMENT." THE AMOUNT REQUESTED, \$2,186 THOUSAND, MAY BE INCREASED BY SEVERAL THOUSAND DOLLARS AFTER THE GENERAL ACCOUNTING OFFICE COMPLETES ITS FINANCIAL AUDIT, WHICH, IN ACCORDANCE WITH P.L. 96-70, SHOULD BE NO LATER THAN MARCH 31, 1985. PARAGRAPH 4(C) ARTICLE XIII OF THE TREATY PROVIDES FOR PAYMENT TO PANAMA OF AN ANNUAL AMOUNT OF UP TO TEN MILLION DOLLARS, TO BE PAID FROM CANAL OPERATING REVENUES TO THE EXTENT SUCH REVENUES EXCEED EXPENDITURES. THE AMOUNT REQUESTED REFLECTS THE NET PROFIT REMAINING FROM 1984 OPERATIONS, AFTER DEDUCTION OF THE 1983 DEFICIT OF \$4,133 THOUSAND.

THE SECOND REPROGRAMMING ACTION PROVIDES FOR TRANSFERRING \$3.9 MILLION OF THE 1985 OPERATING EXPENSE APPROPRIATIONS TO THE CAPITAL OUTLAY PROGRAM. THIS ACTION WILL ALLOW PARTIAL

RESTORATION OF THE \$4.4 MILLION REDUCTION IN THE CAPITAL OUTLAY REQUEST FOR FISCAL YEAR 1985 AS CONTAINED IN P.L. 98-473, "CONTINUING RESOLUTION." THE "CONTINUING RESOLUTION," WHICH WAS PASSED ON OCTOBER 12, 1984, PROVIDED \$23.5 MILLION IN THE COMMISSION'S CAPITAL APPROPRIATION RATHER THAN THE \$27.9 MILLION REQUESTED. THE COMMISSION IS REQUESTING THIS REPROGRAMMING AUTHORITY TO ALLOW IT TO PROCEED WITH CERTAIN PROJECTS THAT ARE CONSIDERED ESSENTIAL FOR CONTINUING THE NORMAL REPLACEMENT OF EQUIPMENT AND FACILITIES INHERENT IN THE COMMITMENT OF IMPROVING THE EFFICIENCY AND SAFETY OF CANAL TRANSIT SERVICE.

THE PANAMA CANAL COMMISSION IS ABLE TO COVER THESE REPROGRAMMING REQUIREMENTS FROM ITS 1985 OPERATING APPROPRIATION BECAUSE OF DOWNWARD ADJUSTMENTS IN THE FUNDING REQUIREMENTS FOR THAT YEAR RELATED TO TWO SPECIFIC REGULAR OPERATING ITEMS. THESE ITEMS ARE 1) THE NET TONNAGE PAYMENT TO PANAMA BASED ON PANAMA CANAL NET TONS TRANSITING WHICH IS NOW ESTIMATED TO BE LESS THAN ORIGINALLY ANTICIPATED BECAUSE THE ACTUAL FIRST RATE ADJUSTMENT, BASED ON INFLATION INDICES, IS LESS THAN PROJECTED; AND 2) THE COMPONENTS OF THE EQUITY ADJUSTMENT BEING EXTENDED TO CERTAIN U. S. CITIZEN EMPLOYEES FOR LOSS OF MILITARY POSTAL, COMMISSARY AND EXCHANGE PRIVILEGES NOW REQUIRE LESS FUNDING AUTHORITY THAN ESTIMATED FOR FISCAL YEAR 1985.

SINCE THERE IS NO ADDITIONAL FUNDING AUTHORITY BEING REQUESTED UNDER THIS SUPPLEMENTAL PROCESS, THE CANAL REVENUES BEING SET ASIDE TO FINANCE THE COMMISSION'S 1985 APPROPRIATION WILL COVER ALL FUNDING REQUIREMENTS FOR THAT YEAR.

CONCLUSION

GENTLEMEN, THIS CONCLUDES MY STATEMENT. I WOULD BE PLEASED AT THIS TIME TO JOIN WITH MR. GIANELLI TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.

INTEREST ON U.S. INVESTMENT

Senator ANDREWS. Mr. Chairman, what are both the advantages and disadvantages of the proposed budget language to transfer interest on the U.S. investment on the canal to the Treasury's miscellaneous receipts, and how is that approach different from H.R. 664 that was introduced by Mr. Fields on January 24?

Mr. GIANELLI. Let me respond to that, Mr. Chairman.

The obvious advantage of the OMB proposal to pay interest via the appropriation route is that it transfers certain funding authority from the Panama Canal Commission fund to the general fund of the U.S. Treasury.

In addition, by accomplishing that objective, the investment base which is reduced by receipt deposits would no longer be eroded by the amount of receipts associated with interest.

The Commission does not oppose those objectives, and has stated so on numerous occasions. It has, however, indicated that a change in law is required in order to accomplish that objective.

The principal disadvantage of requesting appropriations to pay interest into the Treasury is the difficulty associated with projecting this item due to fluctuations in the interest rates and in the investment base.

Accordingly, an exact appropriation requirement cannot be determined in advance, which could result in the Commission subsequently seeking supplemental financing during the budget execution year.

In addition, the appropriation method pyramids Governmentwide appropriations at a time when there appears to be considerable sensitivity to adding to the U.S. Government's annual budget requirements.

As you indicated, Mr. Chairman, the U.S. Congress has also expressed an interest in this issue, and the introduction of H.R. 664 would accomplish the same objective.

The major difference between the two proposals for this item is that H.R. 664 directs that the interest revenues be deposited directly into the U.S. Treasury as a miscellaneous receipt rather than the Panama Canal Commission fund.

Both methods accomplish the objective of having receipts associated with interest expense deposited in the general fund rather than the PCC fund and eliminates any further erosion in the investment base.

Senator ANDREWS. How was the \$10 million fiscal year 1986 interest estimate arrived at?

Mr. GIANELLI. Mr. Chairman, the Secretary of the Commission, Mike Rhode, is a little more familiar with that. I will ask him to respond to that question, please.

Mr. RHODE. Thank you, Mr. Chairman. Mr. Chairman, we simply took a projected investment base and multiplied that times a projected interest rate. The result was the \$10 million interest cost.

It seems to track with what we have done over the last couple of years.

Senator ANDREWS. What has been the amount for the last 3 years?

Mr. RHODE. It was \$10 million in 1984. We have \$9 million projected for 1985.

Senator ANDREWS. If such language isn't approved, how much can the appropriations for the Commission be reduced on the basis that interest payments will continue to be deposited in the Commission's special fund?

Mr. RHODE. The amount of appropriations could be reduced by the \$10 million, Mr. Chairman.

Senator ANDREWS. Thank you.

REVENUE ESTIMATE

The budget anticipates operating revenues to increase 9 percent in fiscal year 1986 over fiscal year 1984, a year in which the impact of a recession was still being felt.

Does this suggest that the effect of the 1983-84 economic recovery is being realized in increased canal traffic?

Mr. GIANELLI. Let me respond and Mr. McAuliffe might want to add. Our belief is that shipping has pretty well stabilized and that it is on the upswing.

The big reduction that was caused in 1983, Mr. Chairman, was primarily the result of the completion of the trans-isthmian oil pipeline. The recession also caused a general economic downturn.

We think the economic downturn has been stabilized, and that there will be a gradual increase for the next several years, perhaps, in time, approaching the traffic level of 1982, which was our best year.

TOLLS AND OTHER REVENUES

Senator ANDREWS. Yet fiscal year 1985 tolls and tonnage have been revised downward slightly from last year's justification.

What has caused that reduction? If you think this is all stabilized out, how come you are revising the tolls downward?

Mr. MCAULIFFE. Mr. Chairman, the revenues for 1985 have been slightly reduced. In effect our budget reflects the current outlook and the austerity measures that we have carried over from the previous year including some personnel adjustments. These adjustments were made in order to try to keep our costs well down and to offset any need for a toll increase.

Senator ANDREWS. Last year you said tolls would be \$315 million. Now you are estimating down slightly to \$310 million. That is why I was asking what caused the reduction, given the Chairman's statement.

Mr. MCAULIFFE. I think it is more realistic, as we approach these years to make a more precise estimate of, first of all, the amount and types of canal traffic and from that the resultant tolls.

This is a more precise estimate than we were able to give a year earlier.

TRAFFIC FORECASTS

Senator ANDREWS. How did coal and wheat shipments perform during 1984 compared to 1983 total grain shipment, for instance, of 36½ million long tons?

Mr. MCAULIFFE. The coal shipments have continued to decline for a number of reasons, the principal one being the cost advantage that accrues to the shipper of coal through the use of the very large ships, that is, the economy of scale. These ships are too large to go through the canal and, therefore, there is a major bypass of coal.

This is very evident in the coal trade which has been declining for us substantially. We see very little change in this trend ahead.

Our grain shipments have been relatively low and they are pretty much holding their own at present. We do see the possibility of some increase in grain shipments ahead.

Senator ANDREWS. Is that corn or wheat?

Mr. MCAULIFFE. All types of grain shipments are expected to strengthen in the next 2 years.

Senator ANDREWS. Are the fiscal year 1985 levels so far bearing out the projection of last year that they would surpass fiscal year 1984?

Mr. MCAULIFFE. Yes; they are.

Senator ANDREWS. You expected to contract for a long-range traffic study in 1984 to the year 2010 to be completed late in 1984.

Are those results reflected in the budget submission?

Mr. MCAULIFFE. The full studies to which we referred have not yet been completed. We are beginning to get the initial findings of the study teams, and so far the results do corroborate what we see for the canal in the near future.

Senator ANDREWS. Last year you told us it was going to be done by calendar 1984.

Mr. MCAULIFFE. There has been slippage in one of those traffic forecasts which we now do not expect to see fully completed before mid, if not late, this fiscal year.

Senator ANDREWS. When you get it are you going to adjust the budget's submission before markup?

Mr. MCAULIFFE. We don't really believe that an adjustment in our budget is going to be warranted because, as I have indicated, the indications are that we are on the mark in the near term.

The major problem with our traffic forecast, the one that we have referred to, is with respect to the out years, because of the difficulty of projecting world trade.

MOTOR VEHICLES

Senator ANDREWS. The request for capital outlays includes \$2.2 million in fiscal year 1986 for motor vehicle replacement. Also, the fiscal year 1985 budget language is amended to increase vehicle replacement.

Why is it necessary to replace 47 vehicles?

Mr. MCAULIFFE. Because, Mr. Chairman, they are reaching or have already reached the end of their serviceable life, and we do use the service standards that GSA uses for its vehicles.

For the most part we drive our vehicles much longer, that is, with much more mileage than the GSA standard, but the fact is that we are in need of replacements because the vehicles in question are wearing out.

I do wish to point out to the committee, Mr. Chairman, that we are estimating a reduction in our motor vehicular fleet moving from 1984 to 1985 and we will hold on that reduced number through 1986.

Senator ANDREWS. As I understand it, you are going to replace 47 passenger vehicles and then another 58?

Mr. McAULIFFE. And 58 nonpassenger, that is correct.

Senator ANDREWS. Yes; to make a total of 105 vehicles. Now, \$2,233,000 divided by 105 is a per unit average cost of \$21,267.

What sort of specialized vehicles are being purchased?

Mr. McAULIFFE. The larger numbers, of course, Mr. Chairman, are tied up in the large special purpose vehicles.

These are specialized vehicles, for example, that are used in the servicing of powerlines and communications facilities. We have heavy duty dump and tanker trucks. We have fire trucks. We have specialized motor vehicle equipment that is used in moving items around the locks.

All of these vehicles, when you get into the specialized field, are very costly.

Senator ANDREWS. Can you provide a summary then for the record of the fleet age by type of vehicle?

Mr. McAULIFFE. I would be pleased to do so.

[The information follows:]

FLEET SUMMARY STATISTICS

Vehicle type	Average quantity	Average age	Average capitalized value ¹	Average estimated replacement cost fiscal year 1985 ¹	Average mileage
Passenger carrying ¹	208	1981	\$9,805	\$15,753	47,373
Trucks:					
8,500 GVWR or less.....	464	1979	\$7,945	\$13,000	39,490
8,500 to 23,999 GVWR.....	83	1977	\$12,676	\$25,700	49,543
24,000 GVWR or over.....	46	1978	\$27,737	\$64,200	37,354
Total.....	593	1978	\$10,142	\$18,749	40,731
Total vehicles reportable to GSA.	801	1979	\$10,054	\$17,971	42,455
Special use vehicles ²	38	1975	\$54,658	\$85,615	31,758
Total fleet.....	839	1979	\$12,125	\$20,992	41,959

¹Includes sedans, station wagons, ambulances, and buses.

²Firetrucks, wreckers, oil pollution trucks.

³Capitalized includes overseas freight which averages about 15 percent of purchase price.

INCREASED OPERATING EXPENSES

Senator ANDREWS. One final question on that. Given the assumption of newer vehicles, why are motor transportation operating expenses increased, including repair shops?

If you are going to put 105 new units in the fleet, you would think you wouldn't have to do quite so much.

Mr. McAULIFFE. The activity has been impacted by inflation and also the higher payroll cost associated with the elimination of the dual wage

system. In addition, we have been consolidating certain of our repair facilities and replacing and upgrading the equipment used in these facilities, equipment that we deferred replacement because of our austerity programs over the last, roughly, 3 years.

RETURN ON U.S. INVESTMENT

Senator ANDREWS. Let me ask an oral question for my colleague, Senator Chiles.

You make the statement that the \$61 million currently owed to the U.S. Treasury can't be paid because the Panama Canal Act of 1979 doesn't specifically include language authorizing the transfer of these funds, from the Panama Canal Commission fund to the general fund of the Treasury. The President's budget corrects this problem for 1986 and the years that follow 1986.

What are you proposing for the \$61 million that is owed for the years 1979 through 1985?

Mr. GIANELLI. I think the basic problem, Mr. Chairman, is that the Commission needs to have some operating funds the first part of the fiscal year. I think the \$61 million that we are talking about represents essential funding authority to operate during the first months of the year until the revenues start to come in.

Senator ANDREWS. Mr. Gianelli, at the beginning of 1986 the Panama Canal was going to have \$179 million of funds available to it in the Panama Canal Commission fund.

It seems to me that Congress could authorize the repayment of \$61 million in equal installments over the fiscal year, and this could easily be financed both with the \$179 million of cash on-hand at the beginning of the year and the \$447.9 million of toll revenue which you project to collect over the year?

Mr. GIANELLI. Senator, there is a problem with respect to that larger figure, the \$179 million referred to. A substantial portion of that over and above the \$61 million is set aside to cover accidents that have happened or taken place in the canal area.

We have pending now a number of claims before the Congress who, under the law, has the authority to approve the amounts of these claims. So part of what you are talking about there, over the \$61 million, a good part of it is reserved for those accident claims which will be payable as soon as the claims are approved by the Congress.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much, Mr. Chairman. I have a number of questions for the record, as do my colleagues, and we appreciate your appearance before the subcommittee.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

REVENUE ESTIMATE

SENATOR ANDREWS: Since the American Maritime Industry is still depressed, on what basis does the Commission project revenues to increase?

ANSWER: Last year, fiscal year 1984, oceangoing commercial vessels flying the U.S. flag made 742 transits, generating \$15.2 million in tolls revenue. While little or no increase in U.S. flag transits is expected during fiscal year 1985 and 1986, the introduction of new larger container ships, such as those owned and operated by U.S. Lines, should result in some increase in P.C. net tonnage and therefore tolls revenue. In any case, U.S. flag vessels account for only 5.0 percent of Canal tolls revenue. Vessels flying the flags of other nations--and many of these are U. S. company-owned--are primarily responsible for future Canal traffic patterns.

TOLLS AND OTHER REVENUES

SENATOR ANDREWS: The budget assumes FY 1985 receipts of \$432 million. What has been collected in the first quarter?

ANSWER: Receipts through the first quarter of FY 1985 are generally on target with budget plans. Through December 1984, deposits in the Treasury amount to \$100.6 million, exclusive of accounts receivable. Traditionally, Commission revenue collections are greater in the latter part of the year.

SENATOR ANDREWS: What do you expect the FY 1985 operating surplus to be?

ANSWER: The Commission anticipates a breakeven budget for FY 1985.

TOLL INCREASE

SENATOR ANDREWS: When will a toll increase next be necessary? What studies are underway to assess the impact of a toll increase on Canal volume? If transits do not materialize as expected, will a toll increase be necessary in FY 1986?

ANSWER: A contract to develop an analysis of traffic sensitivity to Canal toll rate increases was awarded by the Commission on September 20, 1984, to Temple, Barker & Sloane, Inc., a consulting firm located in Lexington, Massachusetts. The study is well underway and should be completed before the end of this fiscal year.

The Commission estimates do not include a toll rate increase in fiscal year 1985 or 1986. Assessment of the adequacy of tolls, in all likelihood, will occur as the FY 1987 budget is developed. There is a possibility that it may be necessary to adjust tolls in 1987, although the Commission will attempt to minimize any increase in the cost of using the Panama Canal.

It has traditionally been the policy of the Commission to avoid toll rate increases unless absolutely necessary. In this connection, any decrease in traffic would first be met by reducing operating costs to the degree necessary to balance costs with income, as required by law. The Commission would continue to cut costs as necessary to meet income levels unless it would affect

Canal safety and efficiency. The last course of action would be for the Commission to consider a toll rate increase.

TRANS-PANAMA PIPELINE

SENATOR ANDREWS: Has use of the Trans-Panama Pipeline stabilized? We understand the Canal had hoped that surplus oil would transit the Panama Canal. Is that assumption part of the FY 1985 and 1986 revenue estimate?

ANSWER: Our fiscal year 1985 and 1986 revenue estimates do not contemplate the movement of any Alaska North Slope (ANS) oil via the Panama Canal. During the initial operation of the Trans-Panama Pipeline, the Commission had expected a flow of residual shipments of about 100 thousand barrels daily on average through the Canal. The initial budget estimates for 1983 and 1984 included that assumption. Following the opening of the pipeline in October 1982, Canal shipments dropped sharply as the pipeline proved to be operating well, and virtually no ANS crude is now moving via the Canal. Total ANS oil shipments to the U.S. East Coast moving through Panama are being absorbed by the pipeline and we have not included any of this oil in our 1985 and 1986 budgets.

TRAFFIC FORECASTS

SENATOR ANDREWS: The subcommittee received testimony last year that U.S. coal bypassing the Canal around the Cape of Good Hope is above 40%, up from 24% in 1982. What can be done to encourage the movement of U.S. coal through the Canal?

ANSWER: Presently more than 40 percent of U.S. East/Gulf Coast coal shipped to the Far East is indeed bypassing the Canal via the Cape of Good Hope in large vessels. Indications are that this pattern will continue with the proportion increasing further over the years. Nevertheless, we expect coal to remain an important Canal commodity for a number of reasons including, limitations at certain loading and unloading ports, which limit the size of vessels to within Canal constraints; the desire on the part of some steel companies to manage their inventories through smaller shipments; and the continuing role of the U.S. as a reliable spot shipment supplier. Perhaps most important is the fact that PANAMAX vessels have been built in record numbers in recent years and will be available for use in the coal trade. The Panama Canal Commission is doing its part to ensure the waterway remains an important link in the coal trade by modernizing facilities, improving service, and maintaining toll rates at competitive levels.

SENATOR ANDREWS: The budget assumes \$3.1 million capital advance funds, as part of the operating expenses budget. Why is this necessary when capital outlay funds are provided to be available until expended?

ANSWER: Since the Panama Canal Commission is required to fully finance its operating and capital appropriations, the capital advance is one avenue for financing the capital program requirements. The other avenues are revenues associated with depreciation and the transit reservation booking fees.

CAPITAL ADVANCE

SENATOR ANDREWS: How was the \$3.1 million figure arrived at and how will these revenues be collected?

ANSWER: The amount of the capital advance is determined each year by calculating the amount of depreciation included in expenses and covered by revenues, the booking fees estimated to be collected and any excess capital financing for previous year. The sum of these amounts is compared to the capital program and any shortfall is made up with a capital advance. Capital advance funds are collected and reserved from tolls income and are earmarked exclusively for the capital program.

SENATOR ANDREWS: Why were advance funds not set aside in fiscal years 1984 and 1985? For what purpose was the \$4.1 million collected in FY 1983?

ANSWER: Capital advance funds were not set aside in FY 1984 nor required in FY 1985 because the Commission had adequate resources to fully finance its capital requirements. This occurred because certain collections identified for capital were realized at higher levels than expected. For example, fees for the transit reservation booking system were budgeted at \$2.8 million while actual collection were \$4.9 million.

SPECIAL STUDIES

SENATOR ANDREWS: In FY 1985 almost \$1 million will be spent on navigation studies. This estimate has increased \$300,000 over last year. Why did the amount increase? What are the results of the study?

ANSWER: The funding requirements for the multi-year Gaillard Cut Widening Feasibility Study were initially established before any agreement or contract with outside consultants was actually signed. Since then, some \$300,000 worth of effort tentatively scheduled for FY 1984 has been shifted to FY 1985. This rescheduling and shift of effort does not increase the total cost of project. The study is now targeted for completion during the first quarter FY 1986. Results will enable the Commission to determine the feasibility of widening the Cut to permit the uninterrupted two-way traffic of the large PANAMAX vessels that now can only transit in one direction.

COST-OF-LIVING ALLOWANCE

SENATOR ANDREWS: Last year's Budget assumed a \$4 million allowance to compensate employees for the loss of shopping and postal facilities. Why has the estimate of actual FY 1985 obligations been reduced to \$1,150,000? Why is only \$850,000 assumed for fiscal year 1986? Is the decrease reflective of a different level of services?

ANSWER: The decrease in funding requirement from the \$4 million estimate provided last year is due to the implementation of an equity adjustment package in lieu of a cost of living allowance. The equity adjustment package includes no-charge rent and electricity, additional leave benefits to the United States and special additives for eligible employees residing in the city of Panama, in Gamboa or on the Atlantic side.

The total funding requirement for the equity package in 1985 is \$1,950,000, and in 1986 this will be \$1,650,000. In addition to the amounts shown on page 30, there is an additional \$800,000 in each year for additional home leave and educational travel to the United States, for affected employees and dependents on page 29 of the justification.

The reduced cost in 1986 is attributable to the nonrecurrence of certain start up costs in 1985 of the pouch mail services and the termination of the payments for persons residing in private houses in that year.

SENATOR ANDREWS: What is total value of all equity compensation?

ANSWER: The total cost of the equity adjustment package is \$5.4 million in 1985 and \$5.1 million in 1986. This is comprised of \$3.5 million of lost revenues in each year for no-charge rent and electricity and the \$1.9 and \$1.6 million for pouch mail service, additional home leave and educational travel, small cash payments for a transportation allowance for persons residing in remote areas and payment to persons residing in private housing in Panama.

COLLECTIVE BARGAINING

SENATOR ANDREWS: Administrator McAuliffe's statement addressed the ongoing collective bargaining between the Commission and the Panama Canal Pilots. What were the significant changes included in the tentative agreement which was subsequently rejected by the union membership?

ANSWER: The new contract with the Panama Canal pilots is a result of the impasse resolution concluded in January 1985 by Mr. Robert G. Howlett, a principal member of the Federal Service Impasses Panel. His decision with respect to the contractual provisions is considered binding upon both parties. The resultant contract document is presently undergoing post-audit, and is expected to be implemented in the latter part of March.

The agreement of April 1984 which was rejected by the union membership served to: a) Reassert management rights to assign work, to evaluate quality of work and to institute disciplinary action when warranted; b) Preserve a system of premium pay and productivity bonuses as incentive to pilots to move ships through the Canal efficiently and safely, but reduced the levels of bonus payments and clarified conditions under which bonuses would be paid. c) Provide full recognition and rights of the pilots' union and its leadership, but eliminated the previous provision that union officers would receive productivity bonuses for conducting official union business. d) Clarify and streamline work rates and procedures that had become overly complex and subject to some abuse. e) Modify the old system of transporting pilots to their work assignments (in effect, establishing pick up points from which they would be transported to the piers, and to which they would be returned after completing transits) f) Reemphasize the importance of marine safety; g) Recognize the need for increasing the number of Panamanians in the pilot force.

SENATOR ANDREWS: What adjustments were made after the intervention of the Federal Service Impasses Panel? Did this constitute binding arbitration?

ANSWER: Mr. Howlett's decision confirmed management rights and most of the package outlined above. However, he removed the provision for pilot compensation from the contract proper (it is now an appendix to the contract) as being a non-negotiable provision, he clarified several aspects in which the pilots' representatives and management had differing views (some work rules and other procedures) and he outlined a formula under which two union officials would be eligible to draw productivity bonuses.

SENATOR ANDREWS: What labor cost savings will be realized in FY 1985 and 1986 from the final agreement, scheduled to take effect this spring?

ANSWER: It is estimated that the Commission will realize approximately \$1 million of savings in labor costs.

BUDGET LANGUAGE

SENATOR ANDREWS: The budget proposes a change in the general provision (Section 302) regarding pay increase apportionment. Why should the word "decrease" be added to this program?

ANSWER: The word "decrease" included in this provision, which permits reapportionments for pay increases, was changed by the Office of Management and Budget because of the President's proposal to decrease pay rates in 1986.

SENATOR ANDREWS: Explain the proposed deletion of "Operating Expense" language regarding crediting of funds received from Commission employees or their insurers.

ANSWER: The provision referred to is being deleted because it is not needed. This provision allowed the Commission to credit the appropriation for funds received from employees or insurers for payments made by the Commission in their behalf to the military health facilities in Panama. This language was originally included in 1979 under the assumption that the Commission would have to serve as the guarantor of employee hospital bills, and that the Commission would then have to collect from its employees. In practice the military health facilities are collecting directly from the employees and insurance companies, and this provision was never used. In the unlikely event that it is necessary for the Commission to collect such bills there is adequate authority to offset them from pay in section 1205 of P.L. 96-70 (USC 3645).

FY 1985 DEFERRAL AND SUPPLEMENTAL

SENATOR ANDREWS: A FY 1985 deferral of \$6,346,000 has been submitted to the Congress, as well as a \$2,186,000 transfer request. Is this the total necessary for payments to Panama? If not, what is the current estimate? Why is the supplemental necessary; in other words, why cannot Panama payment costs be absorbed within the total \$406,346,000 provided in FY 1985 for "operating expenses"?

ANSWER: The \$6.3 million deferred was submitted earlier this fiscal year when it was planned to submit separate supplementals for new funds for capital and the contingency payment. This deferral was modified to \$260 thousand when it was decided to utilize the existing appropriation, with the approval of Congress, to pay the contingent payment to Panama and to transfer \$3.9 million to the capital account.

The \$2,186 thousand estimate included in the budget was developed earlier this fiscal year. Now based on field audit results we see the possibility of a few hundred thousand dollars more being payable to Panama.

The contingency payment will be absorbed within the \$406 million 1985 appropriation. The supplemental that we are requesting for this payment is not asking for any new funds but a reaffirmation by the congress of the Commission's authority to make that payment from the existing appropriation. Section 1341 (a) of the Panama Canal Act of 1979 requires and authorizes the Commission to pay Panama the

payments required under paragraph 4 of Article XIII of the Panama Canal Treaty of 1977. This includes the so-called profit payment required by paragraph 4(c) of the aforementioned treaty article. Nevertheless, the Commission traditionally has sought supplemental appropriations from the Congress to make this payment.

HOUSING RENTAL REVENUES

SENATOR ANDREWS: What explains the decrease in FY 1985 and 1986 for Housing rental revenues (from \$4.3 million to \$2.0 million)?

ANSWER: The decrease in the housing rental revenues in FY 1985 and 1986 is related to the fact that education and medical personnel of the Departments of Defense are no longer eligible to reside in Commission housing units and the application of the equity adjustment package which provides rent free quarters to certain U.S. citizen Commission employees who lost access to the military commissary, exchange and postal facilities on October 1, 1984.

SENATOR ANDREWS: Should rental costs be raised to offset this decline? With decreased revenues, why are housing operation and maintenance costs increasing in FY 1985 and 1986?

ANSWER: No, I do not believe the Commission should divert from its established practice of raising rental fees in accordance with normal inflation. One of the principal reasons for the loss of income in this area is the application of the "Equity Package Adjustment" which provides rent free quarters to over 60% of our U.S. citizen workforce. Inordinate rental increases for the remaining 40% would be bitterly received.

There are several reasons for housing operation and maintenance costs increasing in 1985 and 1986.

First, because of the austerity programs implemented over the last few years, as a result of the downturn in Canal traffic, considerable housing maintenance has been deferred. The Commission is attempting to return to an acceptable level of maintenance for houses remaining with the Commission.

Secondly, because of the recent moves of education and medical personnel who are no longer eligible for Commission quarters, there have been an unusually large number of vacated quarters which require cleaning, painting, and preparation for subsequent renters.

Finally, efforts to accelerate housing turnover to Panama have resulted in increased maintenance requirements to have quarters prepared to move Commission personnel residing in the transferred areas to Commission housing core areas.

TRANSIT BOOKING FEES

SENATOR ANDREWS: Actual transit booking fees for FY 1984 were \$4.8 million, almost twice the amount estimated last year. Why was the Commission so successful in increasing the collections from this source, and why do the estimates for FY 1985 and 1986 show a decline?

ANSWER: As you know, use of the transit reservation booking system is voluntary on the part of all ship operators. The success enjoyed by the Commission appears to be the result of establishing a reasonable rate for a guaranteed ship transit time which, despite the lack of ship congestion currently at the Canal, has had considerable demand. We simply have received more demand for this improved transit service than originally expected.

EMPLOYMENT

SENATOR ANDREWS: Last year, total FY 1984 full time equivalents were estimated 8,578 for FY 1984. The actual level 8,350 suggests a significant downward trend, which is reversed in this fiscal year. Did the Commission hire 60 new people?

ANSWER: The Commission's budget for FY 1985 anticipates an increase of 60 full-time equivalent positions at year-end 1985. This requirement is principally required in the transit function for the additional workload and for other Commission units to allow reverting to a more normal level of operation following an austere year. I might add that while we anticipate adding 60 additional FTE, the revised personnel request for 1985 is 80 below the level approved in the 1985 President's Budget.

SENATOR ANDREWS: The Congress approved 8,101 positions in FY 1985. How many positions are filled? What is the FY 1986 request?

ANSWER: The full-time permanent year-end force approved by the Congress (8,101) was revised to 7,916 in the FY 1986 President's budget, a reduction of 185.

Through January 1985, actual force was 7,291 compared with the budget for the same period of 7,681. The underrun in this area through January, reflects the continuing austere mode of operation of the Canal in the aftermath of one of the most severe business downturns experienced by the Canal agency. Considerable emphasis through this period has been devoted to minimizing increases in full time employments. This has resulted in accomplishing work with temporary employments or on an overtime basis.

OVERALL STAFFING

SENATOR ANDREWS: In FY 1982, the Canal handled 15,190 revenue transits with 8,200 total full time permanent positions. In FY 1986, you proposed to handle 13,170 revenue transits, or 86% of the FY 1982 level, with 8,300 positions, an increase of 1%. Put another way, your productivity has declined nearly 17%, how do you explain such a large decrease?

ANSWER: The comparison of the total full time permanent force between 1982 and 1986 requires clarification. The 1982 figure of 8,200 addresses full time permanent positions, while the figure of 8,300 represents the full time equivalent workyears of the Commission in 1986.

Since the Commission uses a great deal of temporary employment for handling Canal workload, we believe the comparison should be made using the number of full time equivalent workyears. Under this basis, the decline is only 5.9% which is considered more realistic in light of the serious business fall-off in recent years and the fixed nature of many of our costs.

The tabulation below is submitted for the record.

<u>Year</u>	<u>Transits</u>	<u>Full-Time Equivalent Workyear</u>	<u>Transit Work Year</u>	<u>Variation</u>
1982	15,190	8,969	1.69	5.9%
1986	13,170	8,300	1.59	

SENATOR ANDREWS: Even if productivity is calculated on a basis of tonnage, your FY 1986 estimate is for only 88% of the tonnage that moved in FY 1982, so you will still have a substantial decline in productivity. This decline would be even greater if it allowed for the fact that police protection was phased out in mid FY 1982, presumably reducing employment requirements. Please explain.

ANSWER: While the Commission had a reduction in the number of full-time equivalent workyears amounting to 669, between 1982 and 1986, it is important to note that the Canal Agency has a high degree of fixed cost. These costs will vary little, if any, as the workload of the Commission fluctuates.

Also, the Commission, over these years has implemented an extensive training program that has generally resulted in an increase in the personnel requirements of the Commission. This training program is directed towards ensuring that Panamanians employees are developed to their full performance level and that they are available for the immediate and long term employment needs of the Commission.

COMMUNICATIONS

SENATOR ANDREWS: Gross Communications expenses of approximately \$5.5 million are not shown in the budget as being largely offset by revenues. This causes a significant increase in each fiscal year. What policy change has resulted in decreased communications reimbursements.

ANSWER: With the implementation of a new accounting system this year, portions of the intra-Commission cost allocations were eliminated, including that for telephone and electronic services. It is expected that the new system will improve performance reporting, providing operating managers a clearer presentation of controllable costs, resulting in improved management control.

MOTOR VEHICLES

SENATOR ANDREWS: For the last three years, your capital program has included in the request for replacing motor vehicles "20 large, heavy duty sedans (which) are required for trans-isthmian transportation of pilots force". Since an average of 30 vessels transit the Canal each day, assuming 15 each way, it would seem that a van or two would suffice to move the 15 to 20 pilots back to their starting home base. Why do you need to buy 20 cars every year?

ANSWER: The use of vans would be appropriate for trans-isthmus transportation of pilots if all pilots began and ended their work schedule at the same time. Unfortunately, the approximate 75 pilots, who are utilized each day for north and south bound transit assignment and who work over a 24 hour work period, have various departure and completion times. Accordingly, there is little likelihood that the use of vans would provide a cost efficient or effective alternatives.

Our experience has shown the use of heavy duty vehicles to be the most economical and safe mode of transportation for pilots. To provide this transportation and the necessary units for maintenance, twenty replacement vehicles are generally required each year. Vehicles used in the pilot service provide round trip service of approximately 100 miles and average around 80,000 miles per year. Because of the heavy use, they must be replaced more often than other vehicles in the Commission's fleet.

TOWING LOCOMOTIVES

SENATOR ANDREWS: \$2.9 million is requested for the last two of five towing locomotives. Were three procured in FY 1985, despite House objections (on page 97 of House Report 98-859)?

ANSWER: The Commission is in the process of procuring the three locomotives which were requested in the 1985 Capital Program. The Commission considers these locomotives important to the effective management and operation of the Canal.

There are a number of compelling reasons for not delaying procurement. There is a need for these locomotives because of anticipated traffic levels, current and anticipated vessel size and the age and condition of existing locomotives. The higher traffic levels and, specially, increased numbers of wide vessels will place additional demands upon lockage capabilities which can be met by adding towing locomotives at this time. There is also a need for additional locomotives to be on hand to temporarily replace units undergoing repairs and scheduled overhauls. Also there are no assurances that the only company indicating interest in building these locomotives will continue to supply them in the future. The Commission considers it to be in its best interest to make use of the sole supplier while it is available.

Accordingly, the Commission, through a series of meetings with the staff of both House and Senate Appropriation Committees, as well as through a formal letter to the Chairman of each such Committee, appealed the specific deletion of the locomotives. It was considered, lacking any direct objection to the appeal, that tacit approval had been given to proceed with acquisition of these locomotives.

SENATOR ANDREWS: Why is the average cost per locomotive increased \$70,000 this year (\$1,378 versus \$1,448)?

ANSWER: We have assumed that inflation would impact on this price for these locomotives at about 5 percent a year.

SENATOR ANDREWS: How do these locomotives compare with similar equipment? Are they electric or diesel locomotives? What horsepower? How does this compare with similarly-powered railroad locomotives?

ANSWER: The Locks locomotives are electrically powered by 2-170 hp motors. They were designed to function at the locks in guiding, towing, and braking vessels in a chamber. In fact, they are the only ones of such type in the world. They are not similar to railway locomotives and are not designed for pulling rolling stock.

TUGBOATS

SENATOR ANDREWS: The justification requests \$3.5 million to replace the tugboat STEVENS. How old is this vessel? How old is the rest of the tugboat fleet? Are sixteen tugboats currently operational? How does this estimate compare to the last tugboat acquisition of the Panama Canal Commission?

ANSWER: There are sixteen tugboats involved in the function of transiting of vessels. All sixteen are operational. The Commission also has one tugboat involved in the support of Canal dredging programs.

In reference to the tugboat STEVENS, this tugboat is 24 years old. Following is a tabulation which identifies the name and year built for each boat in the Commission fleet.

Commission Tugboat Fleet

<u>Name</u>	<u>Year Built</u>
Cardenas	1934*
Goethals	1961
Stevens	1961
Wallace	1961
Rodman	1966
Rousseau	1967
Schley	1968
Trinidad	1968
Harding	1970
Mehaffey	1970
Morrow	1971
Walker	1977
Burgess	1977
Parfitt	1981
Progreso	1981
Alianza	1981
Amistad	1982

The \$3.5 million acquisition cost of the replacement for the tugboat STEVENS compares favorable with the acquisition cost of the last tugboat added to the Commission's fleet.

*Support of Canal dredging programs.

DUMP SCOWS

SENATOR ANDREWS: Last year, a vessel-per-year procurement schedule for dump scows was stated to be completed in FY 1986. Why are funds not requested to complete the modernization? When was the contract awarded for the fourth dump scow funded in FY 1985?

ANSWER: The Commission is not requesting funds in 1986 for a dump scow since the dump scow replacement program was accelerated last fiscal year when two scows were awarded instead of one. We were able to take advantage of favorable prices and elected to proceed with an option for another.

The dump scow included in the 1985 program is currently being advertised for bid.

CAPITAL PROGRAM

SENATOR ANDREWS: Last fiscal year the Commission sought \$27.9 million for capital acquisitions, including \$4.1 million for three towing locomotives; \$1.9 million for a dump scow; \$1.1 million for launches; and \$3.9 million for hydraulic improvements. What is the status of each of these major procurements? Have funds been obligated yet this fiscal year for all the above activities?

ANSWER: The status of the four FY 1985 major procurements is as follows:

Three Towing Locomotives: Specifications have been developed and the solicitation for bids is currently being reviewed by the Contracting Officer. It is anticipated that the solicitation package will be issued to prospective bidders sometime in April.

Dump Scow: The final solicitation package is currently being reviewed by the Contracting Officer. It is anticipated that the solicitation package will be issued to prospective bidders in mid-March.

Launches and Launch Engines: To date, the Commission has obligated funds for the purchase of replacement diesel engines and the design of launches.

Hydraulic Improvements (Add Lateral Culvert Bulkheads at Gatun Locks): The 109 contractor manufactured bulkhead slots are now being installed during the current overhaul at Gatun Locks. It is anticipated that virtually all of the funding will have been obligated by the completion of the overhaul this spring.

SENATOR ANDREWS: Why do you seek a supplemental of \$250,000 for launches, in addition to funds provided? Will any of these funds be used to maintain the four launches purchased in FY 1984?

ANSWER: The reduction of \$4.4 million in the Commission's FY 1985 Capital Program by the Continuing Resolution was accomplished in part by reducing the project for the replacement of launches and launch engines by \$250,000. The supplemental seeks to restore that \$250,000 in addition to other items. None of the \$250,000 was programmed to maintain the launches purchased in 1984. Specifically, the \$250,000 was for replacement of gas and diesel engines of launches that have been in service for some time.

LAUNCH AND LAUNCH ENGINE REPLACEMENT

SENATOR ANDREWS: The FY 1984 budget justification requests "replacement of pilot/boarding boat - MACKEREL II (\$371,000); replacement of utility boats - DRUM, CHAR, and CHUB (\$921,000); and replacement of diesel and gas engines (\$216,000). Why are you now requesting in your FY 1986 budget justification replacement of exactly the same boats - the MACKEREL II, DRUM, CHAR and CHUB, only now the cost for again replacing the MACKEREL II is \$420,000 and the other three is \$1,080,000. How do you explain this apparent duplication?

ANSWER: The replacement of launches and work boats is an ongoing requirement for the Panama Canal, with capital funds for that purpose being requested annually. As part of that recurring program, funds were requested in 1984 to procure replacements for the launches MACKEREL II, DRUM, CHAR and CHUB. Acquisition of replacements for those boats in 1984 had to be deferred, however, because of the urgent need for additional capital funds to accomplish the Paraiso Reach Tie-up Station; also a Congressionally approved project but one not subject to deferral. The Tie-up Station project would have been seriously jeopardized with any delay mid-way through its completion. Since replacement of the MACKEREL II, DRUM, CHAR and CHUB did not take place as contemplated by the 1984 budget, provision for replacement of these launches had to be reinstituted through the budget process.

SENATOR ANDREWS: The Commission had a fleet of 50 inboard launches between 20 and 65 feet in length. The request for replacing gas and diesel engines for these boats is \$344,000 in FY 1986 - \$6,000 a launch. A similar amount (\$358,000) was requested in FY 1985 and \$216,000 in FY 1984. Annual average engine replacement costs of \$6,000 a year per boat seems excessive. Would you provide for the record the average engine service life for these boats, in years and in operating hours? What is the average engine cost? Are routine maintenance operations being performed? Are engines being overhauled or replaced? How many overhauls did you conduct last year?

ANSWER: The information requested on launch engines is as follows:

1. a. Average engine service life in years: 10 years.
b. Average engine service life in operating hours: 25,000 hours.
2. Average engine cost: a. For 6 cyl - \$17,500
b. For 8 cyl - \$21,000
c. For 12 cyl - \$27,000
3. Routine maintenance operations are being performed. The procedure provides for changing oil, filters, etc., every 250 hours of operation.
4. The engines are overhauled on an average of every 6,000 operating hours and replaced approximately every ten years.
5. In FY 1984, six engines (including transmissions) were completely overhauled.

POLYCHLORINATED BIPHENYL (PCB) TRANSFORMERS

SENATOR ANDREWS: For FY 1986, you are requesting, as a nonrecurring project, to replace electrical transformers at the locks which contain PCB, "hazardous and banned substance". For FY 1986, \$692,000 is requested to replace those transformers identified as deteriorated and in need of replacement, with remaining transformers containing PCB replaced in subsequent years. How do you explain this request in light of your previous requests to presumably replace all PCB transformers? For example, in FY 1984 you requested \$100,000 for "replacement of PCB transformers at all locks". The same request, at \$102,000 was made in FY 1985 and, in you FY 1985 supplemental, you again requested funds to replace "PCB transformers at all locks", only then the cost was \$530,000. How many PCB transformers are currently in service on the Canal?

ANSWER: Reference to "all locks" in the title of the capital project is intended to portray the ultimate objective of replacing all PCB transformers at the three sets of locks. From the outset, the objective of this project has been to replace transformers in a phased approach over several years.

Initially, it was thought the Commission would replace approximately 6 transformers each year with a total cost of about \$100,000. Because of the numbers to be replaced, the Commission has increased the emphasis on this program. Accordingly, the supplemental gives recognition to this objective by providing funds for approximately 20-30 transformers.

The Commission's lock facilities have 168 transformers with the chemical substance, PCB, requiring replacement.

SENATOR ANDREWS: How much will it cost to replace all of them?

ANSWER: It is estimated that the complete program for replacement of all PCB transformers at the three sets of Locks will cost approximately \$3.5 million.

SENATOR ANDREWS: What other options are available other than complete replacement?

ANSWER: A careful evaluation by Commission staff engineers showed that complete replacement of the PCB transformers at the locks was the only feasible option. These transformers are approaching the end of their useful service lives. Most transformers are over 22 years and are deteriorating rapidly. To leave the PCB transformers in place, or delay the replacement schedule, would pose an increasing potential for dangerous explosion of the transformers. An explosion would result in lane outages and high cost environmental cleanups in

accordance with the stringent regulations of the Toxic Substance Control Act. These transformers are located in the confined spaces of the Locks tunnels where there is potential for increased employee occupational health and safety considerations.

SENATOR ANDREWS: What was achieved with the earlier appropriations?

ANSWER: The FY 1984 funding provided for the purchase and installation of approximately 6 non-PCB transformers. A favorable bid allowed the procurement of 12 transformers. Those 12 transformers are scheduled to be installed this year. The transformers purchased are cast coil non-PCB transformers which comply with OSHA and National Electric Code Standards.

REPLACEMENT OF SWITCHGEAR

SENATOR ANDREWS: In your budget justification for FY 1986, you propose replacing two 2400 volt metalclad switchgear at Miraflores Locks for \$344,000. The exact same request was made last year, except the cost is \$267,000. This is about a 30% increase - How do you explain it?

ANSWER: The FY 1986 funds provide for replacement of two 2400 volt metalclad switchgear at the South end of Miraflores Locks. The FY 1985 funds provide for the replacement of two switchgear at the North end of Miraflores. Replacement at the North end in FY 1985 involves ten 2400 volt circuit breakers versus twelve 2400 volt circuit breakers, in addition to more cables and trenches, at the South end in FY 1986.

OTHER TRANSIT EQUIPMENT

SENATOR ANDREWS: The budget justification requests \$2,639,000 for "other transit equipment", including \$1,349,000 for maintenance and repair operation replacements requirements. This includes \$190,000 for lathes, \$120,000 for a vertical grinding machine and \$117,000 for milling machines. Previous years also requested substantial amounts for machine tools. Machine tools, especially those used for maintenance, have very long useful lives. What is the current average age of the Commission's machine tools?

ANSWER: The average age of the Commission's machine tools is 23 years.

SENATOR ANDREWS: Would you provide an inventory of the major machine tools in your shops?

ANSWER: The following list provides the inventory of the machine tools in the Commission shops. ^{1/}

<u>Description of Machine Tool</u>	<u>Number of Units</u>
Bolt cutting - threading	11
Boring	9
Drill - Press	60
Brake - Folding	11
Cutting	2
Grinding	33
Sawing	47
Hammering	3
Lathes	91
Milling	31
Nibbling	3
Pipe cutting - threading	39
Pressing	35
Shearing	21
Rolling - Bending	9
Shaper	15
Slotting	2
Planing and other metal working tools	18
Total	440

^{1/} Plant catalog defines major machine tools as installed metal working machines.

SENATOR ANDREWS: What is the workload of your maintenance shops?

ANSWER: The Commission's maintenance shops are located in three divisions the Industrial Division, the Maintenance Division, and the Dredging Division.

The Industrial Division coordinates the Vessel Repair Activity, and is responsible for repairing and maintaining the Commission's floating equipment and providing repairs and overhauls to U.S. Government transient vessels on a space-available basis. This Division also operates and maintains the Salvage Depot and the management of the Central Launch Management Activity, which includes operational testing of launches and management of launch design, procurement and construction programs. The Division performs the necessary running repairs, major maintenance and overhauls of the Dredging and Navigation Divisions' launches, engines, and other floating equipment.

The Maintenance Division performs maintenance services in support of all Panama Canal Commission units as required. The Division supports such projects as locks overhaul, locks tow track repairs and other assigned locks projects; the overhaul and maintenance of Dams and Spillways; and repairs and alterations to buildings and quarters. In addition, the Division is responsible for the maintenance of roads, parking areas, fences and spur tracks within the Canal operating areas and the operation and maintenance of the potable water purification and distribution system, central air conditioning and refrigeration system, an Environmental Testing Laboratory, and that portion of the sewer system used by the Commission.

The Dredging Division is responsible for maintaining an unrestricted waterway at a year-round allowable draft of 39 1/2 feet, which is accomplished by maintaining and improving Canal

shipping and drainage channels, harbor and anchorage areas; performing subsurface investigations and explorations for foundation, bank stability and underwater excavation and construction; controlling or removing aquatic growth; removing floating debris and underwater obstructions; carrying out an oil pollution control program; maintaining and improving navigational aids; performing heavy lifts with the floating cranes; and providing launch services.

A summary of workyears is as follows:

	1984 <u>Actual Workyears</u>
Industrial Division.....	419
Maintenance Division.....	634
Dredging Division.....	645

PAYMENT OF INTEREST ON U.S. INVESTMENT IN THE CANAL

SENATOR ANDREWS: The General Accounting Office (GAO) has qualified its opinion on the PCC's financial statements for the past three years (1981-1983) in part due to the fact that the PCC retains the interest on U.S. investment in the PCC fund instead of transferring these amounts to the General fund of the Treasury. PCC has repeatedly maintained that retention of accumulated interest in the PCC fund is in accordance with the requirements of the Panama Canal Act of 1979 and that transfer of this amount to the General fund would result in a serious fund problem for the Commission. GAO's General Counsel has recently advised that Congress intended that PCC transfer the interest receipts from the PCC fund into the General fund of the Treasury as miscellaneous receipts for the benefit of U.S. taxpayers, and that it can be done within existing legislation. What is the Commission's position on this recent decision? How would the payment of accumulated interest specifically affect PCC's cash flow for its operation? Could PCC time its obligations so that the transfer of interest would not seriously hamper PCC operations?

ANSWER: The Panama Canal Commission maintains that it does not have the authority to make transfers out the Panama Canal Commission on its own volition. Nor does the Commission have authority to make deposits in any other fund other than the Panama Canal Commission Fund. Section 1302 (b) of the Panama Canal Act of 1979 provides that tolls and all other receipts of the Commission are to be deposited in that fund.

Transfer of accumulated interest from the Panama Canal Commission Fund into the General fund of the Treasury would result in a serious fund problem for the Commission. The requirement that Commission appropriations be derived from the Panama Canal Commission Fund imposes the need for the availability of a large funding authority balance at the start of each year to backstop obligations. The transfers of accumulated interest from the Panama Canal Commission Fund would reduce its balance to a level that would jeopardize the Commission's ability to meet its day-to-day financial requirements. This situation would become more acute over time as the effect of inflation manifests itself in higher costs.

The Commission does not consider the constraints on timing of obligations to be in the interest of the efficient or effective management of the Canal. The Commission must have an adequate level of funding authority available at all times in order to preclude the arbitrary rejection or deferment of claims and other liabilities. At the same time the Commission must be allowed to judiciously perform its capital program, finance vessel accident awards and, generally, handle Canal commitments in a manner similar to any other U.S. Government agency.

It is worthwhile to note that the majority of U.S. Government agencies, most of which are not self-financing, receive their approved appropriations at the beginning of each fiscal year. They do not have the unusual financial restrictions, i.e., financing future obligations from current cash, which have been imposed upon the Commission. Accordingly, it is the Commission's position that it is appropriate to provide for a reasonable level of funding authority which serves as a substitute to the resources available to other U.S. Government agencies.

APPLICATION OF PCC'S CAPITALIZATION POLICY

SENATOR ANDREWS: GAO qualified its opinion on the Fiscal Year 1982 and 1983 financial statements due to the PCC's application of its capitalization policy in regard to dredging operations. PCC has subsequently provided specific criteria to distinguish between capital and expense dredging items. The criteria state that a project will be capitalized if it results in increasing the Canal's capacity by one ship a day, however, there seems to be no practical way to implement this test. Don't you believe that a more meaningful criteria is needed to distinguish between capital and operating expenditures?

ANSWER: We believe the Commission's current capitalization criteria concerning dredging is quite specific and clear. It stipulates that costs of "substantial" improvements that result in increasing the Canal's capacity by one ship a day will be capitalized. In the Commission's opinion, this is quite clear. It is also clear that current ongoing dredging does not constitute substantial increases in capacity, but instead provides greater safety and navigability for the larger ships now using the Canal in increasing numbers. Rather than increasing Canal capacity, this dredging is directed toward improving safety and maintaining existing capacity, and on this basis these costs are being properly charged to operations. Also, these projects are accomplished within the Canal's ongoing dredging capability. The cost of the dredging operation, therefore, will remain essentially the same, regardless of whether projects of this nature are carried out or not.

AUTOMATED ACCOUNTING SYSTEM

SENATOR ANDREWS: In Fiscal Year 1985, PCC began using a new automated accounting system developed by Management Systems of America (MSA) to improve the accounting for costs of the PCC. What is the current status of this MSA system, i.e., is it fully implemented and what benefits are expected from using this system?

ANSWER: This new accounting system was implemented October 1, 1984, as scheduled. The benefit of the new system is that the Commission now has a computer-based accounting system for both its accrual accounting requirements as well as its funds accounting requirements.

As you know, the Panama Canal Act of 1979 established the Panama Canal Commission as an appropriated fund agency. The Act requires the Commission to maintain, in addition to fund accounting records, accounting records for use in arriving at profit or loss amounts as the basis for determining toll rates. The agency's previous computer-based accounting system provided accrual accounting records only. The fund accounting was primarily done on a manual basis.

Also, the new system gives the Commission the capability of electronically maintaining and reporting the status of appropriated funds on a real time online basis through the use of remote terminals. At the same time, improvements in report formatting provided operating managers a clearer presentation of controllable costs, resulting in improved management control.

PAYMENT OF 1982 OPERATION PROFIT

SENATOR ANDREWS: In July 1983, Public Law 98-63 appropriated \$378,635 to the PCC for payment of Fiscal Year 1982 net operating revenues to the Republic of Panama, with the proviso that none of the funds could be expended prior to validation by GAO audit. The Commission made the payment to Panama in September 1983, shortly after the issuance of GAO report on the examination of the PCC's financial statement for the Fiscal Years 1982 and 1981. This report concluded that the Commission may have materially understated its expenses, depending on how the Congress determines that interest on U.S. investment should be computed. The report stated that until this issue is decided, GAO could not validate the Commission's payment to Panama. In light of these facts why was the payment to Panama made in September 1983?

ANSWER: The financial statements for the Panama Canal Commission for the year ended September 30, 1982 showed \$378,635 payable to the Republic of Panama pursuant to paragraph 4 (c) of Article XIII of the Panama Canal Treaty of 1977 and Chapter 3, Subchapter V, Section 1341 (b) (2) of Public Law 96-70. Specifically, the payment due reflected net revenue of \$1,295,893 from fiscal year 1982 operations, less \$917,258 of unrecovered costs from prior years. On the basis of these statements, the Commission requested a supplemental appropriations in the amount of \$378,635 to enable it to make the required payment of Panama. On July 30, 1983, Public Law 98-63 was enacted, making \$378,635, available to the Commission, with the proviso "that none of these funds may be expended prior to validation of an audit of the General Accounting Office".

On September 2, 1983, the Commission received an advance copy of the Comptroller General's report to the Congress on GAO's examination of the Commission's financial statements for the years ended September 30, 1982 and 1981. In that report, GAO expressed the opinion that, subject to a determination by the Congress regarding how interest on the U.S. investment in the Panama Canal should be computed and except for the application of capitalization policies on several navigation projects, the statements presented fairly the financial position of the Commission and the results of its operations and changes in its financial position for the years then ended. The GAO report further stated that the combined effect of these issues could be to understate fiscal year 1982 operating expenses by about \$28 million and overstate amounts payable to the Republic of Panama of \$378,635.

The Commission disagrees with the GAO's position on application of capitalization policies as well as on its method of computing

interest on the U.S. investment in the Canal. The agency considers the projects in question to be for maintenance and thus properly expensed. The Commission further holds that it has correctly interpreted legislation pertaining to computation of interest on investment and has applied it in accordance with the intent of the Congress.

Public Law 98-63 appropriated \$378,635 to the Commission for purposes of the contingent profit payment to Panama, with the proviso that the funds not be expended until the amount due Panama was verified by GAO. The obvious intent of this proviso is that the Congress wanted to ensure that Panama was not paid more than its due from the \$378,635 provided. For example, if the GAO audit had determined that only \$350,000 were due Panama, that sum would have been the maximum amount of the appropriation that could have been used for the payment to Panama. Certainly, it was not the intent of the Congress that no payment be made to Panama from the total funds appropriated for that purpose should the GAO determine that something less than the \$378,635 was due.

The GAO report concludes that the \$378,635 shown in the Commission's book as due Panama from 1982 operations could be overstated as the result of the combined effect of (1) expensing, rather than capitalizing the cost of certain navigation projects; and (2) understating interest expense. The GAO has expressed its opinion in the subjective mode because the calculated result is dependent on a future action by the Congress to resolve what GAO perceives to be uncertainty in Public Law 96-70 concerning the computation of interest. The GAO has reported its opinion on this issue to the Congress on several occasions in the past and Congress has chosen to leave the legislation stand as it is. Given this fact, it is inconceivable that GAO or anyone else would expect the Commission to withhold payment to Panama indefinitely based on some uncertainty that GAO perceives in the law and which requires legislative action. Accordingly, this conditional interest issue and its potential for resulting in a \$28 million understatement of expenses for 1982 was not allowed to stand in the way of the Commission meeting its Treaty obligations to Panama.

The remaining issue bearing on the profit payment to Panama concerns GAO's contention that the cost of certain navigation projects should have been capitalized rather than expensed. As stated earlier, the Commission does not agree with the GAO's opinion on this matter. Nevertheless, assuming that it would have been proper to capitalize these costs, the effect would have been to increase the amount due Panama from 1982 operations. Thus, discounting the ongoing uncertainty expressed by GAO relative to interest, the GAO report really contends that Panama is due a payment greater than the \$378,635 appropriated for that purpose at the request of the Commission. As previously discussed, it was the intent of the proviso contained in Public Law 98-63 to make sure that Panama is not overpaid.

Therefore, based on the uncertainty associated with the interest issue and the effect of the capitalization question (increase in the contingency payment), the Commission made the contingency payment to Panama as provided in the Treaty and appropriated pursuant to Public Law 98-63.

A copy of the Commission's reply to the GAO audit report follows:

(INSERT)

PANAMA CANAL COMMISSION'S REPLY TO GAO AUDIT REPORT

OCT 28 1983

Honorable David A. Stockman
 Director, Office of Management and Budget
 Executive Office of the President
 Washington, D.C. 20503

Dear Mr. Stockman:

The Comptroller General's report of September 2, 1983, entitled "Examination of the Panama Canal Commission's Financial Statements for the Years Ended September 30, 1982 and 1981," (GAO/NSIAD-83-34) has been carefully reviewed. The report contains an audit opinion which is qualified because of (1) GAO's continuing uncertainty "... regarding the method of computing the return on U. S. investment in the Canal, ..." and (2) the Commission's expensing rather than capitalizing the cost of certain navigational projects. In compliance with paragraph 8b(3) (b) of OMB Circular A-50, Revised, the following comments address GAO's qualifications.

Investment of the United States. On page 2 of the report, GAO discusses its opinion that there is an "...uncertainty regarding the method of computing the return on U.S. investment in the Canal." The report does refer to the Commission's position that "... it has correctly interpreted legislation pertaining to computation of interest on investment and has applied it in accordance with the intent of Congress." However, the full text of the Commission position, which is germane to this issue and should be available to all report addressees, was not included as an attachment to the report even though GAO had been asked to include it.

The comments set forth below address whether interest is computed on the total investment of the United States in the Panama Canal or on the net direct investment. These comments are essentially the same as those provided to OMB in response to the GAO report on the Commission's 1981 financial statements and those previously furnished to GAO on four separate occasions.

Section 1603(a) of the Panama Canal Act of 1979 (the Act) provides that:

"... interest shall be computed ... on the investment of the United States in the Panama Canal as shown in the accounts of the Panama Canal Company at the close of business on the day preceding the effective date of this Act, ..."

While the Act does not specifically mention interest- and non-interest-bearing investment, the legislative history is quite clear in the intent to continue the net direct investment principle established by Section 62, Title 2 of the Canal Zone Code. In House Report No. 96-98 issued by the Committee on Merchant Marine and Fisheries of the House of Representatives to accompany H.R. 111, which became the Act, the following comments are made on page 73 of the sectional analysis.

"Section 413. Calculation of Interest. -- This section defines the basis for computation of interest to be included in the formula for tolls rates in section 412(b), and to be shown in the accounts of the Commission under section 234. In general the base on which interest is calculated will be the same as that established by

present law for the Panama Canal Company (2 CZ Code 62), that is the investment of the United States in the Panama Canal as reduced by payments into the Treasury and increased by new appropriations."

Section 413 of H.R. 111 and Section 1603 of the Act are basically the same as they refer to the beginning investment in the Panama Canal; that is, it shall be the amount shown in the Company's accounts on the day preceding the effective date of the Act. In the final conferences there were some changes in this section concerning the rate of interest to be charged but no rejection of the concept of the investment base. The conference report of September 24, 1979 (Report 96-473) had the following comments on page 62:

"Interest Rate - (Section 1603)

Section 202 of the Senate amendment provided that the rate of interest to be paid by the Panama Canal Commission to the Treasury on the net direct interest-bearing investment of the United States in the canal enterprise should be determined by the Secretary of the Treasury. Section 413(d) of the House bill repeated the requirement that interest be paid, but stipulated that it should be calculated at the 'average market yield' rate. (Underscoring supplied.)

"The conferees adopted the House provision on interest but with the Senate language allowing the Secretary of the Treasury to determine the rate. It is the intention of the conferees that the Commission should continue to pay interest at the 'coupon' rate, the rate paid by the Panama Canal Company before October 1, 1979.

"The conferees also modified the language of this section (new Sec. 1603(b) (2)(B) and (C)) to make it clear that those subsections cover non-capital as well as capital assets."

The cited conference report did not change the definition of the base on which interest is computed; it continued the requirement that interest be computed on the "net direct interest-bearing investment." Since conference reports have been recognized by the Comptroller General as the most authoritative single source of legislative history (B-142011, April 30, 1971), the definition of the interest base contained in the House Report No. 96-98 and continued in Conference Report No. 96-473 stands as the intent of Congress. Thus, the Commission believes the legislative history contains a clear statement of Congressional intent and that the phrases used in GAO comments on page 20 of the report were much more than "models."

Further definition and interpretation of the investment base can be obtained from Senate Reservation 6, incorporated in the Resolution of Ratification of the Treaty. Reservation 6 states, in part, that:

"For purposes of this reservation, the phrase 'funds or other assets directly invested' shall have the same meaning as the phrase 'net direct investment' has under section 62 of title 2 of the Canal Zone Code."

Section 62 of Title 2 of the Canal Zone Code specifically provided for

interest-bearing and non-interest-bearing elements of the United States investment in the Panama Canal Company.

In their comments on page 20 of the report, GAO, by implication, takes exception to the Commission classifying the retained earnings of the Panama Canal Company, the predecessor agency, as part of the non-interest-bearing investment. Specifically, GAO states: "... money from earnings can be retained and then invested in Canal improvements. Improvements ... enhance Canal operations, and it is proper for the U.S. Government to expect a return on any such investment." These statements appear to contradict principles of interest cost recognition in the GAO Policy and Procedures Manual for Guidance of Federal Agencies which states: "Accumulated net income or deficit should not be included in the interest base."

It should be recognized that the retained earnings invested in the Canal were derived from shipping in the form of profits which, under the law, should not have accrued in the first place since the Canal operation was mandated to break-even. Any additional "investment" on the part of the United States in the waterway would have been properly subject to interest chargeable to users. However, extensive capital programs were accomplished without any appropriation or borrowing of funds from the U.S. Treasury because they were paid for and financed directly by shipping. As such, it would be inappropriate to require the users to pay interest on capital they themselves contributed. This logic conforms with the practice followed by the Canal since 1951 that interest be calculated only on the direct capital contribution or investment of the United States in the waterway. Also it is in line with the guidelines established by GAO for Federal agencies. The relationship between users of the Canal and the United States, as operator of the Canal, has not changed with the treaty and there is no apparent reason to change the traditional method of calculating interest.

In summary, the Commission established the investment base in compliance with Section 1603 of the Act recognizing the intent of Congress specified in the legislative history of the Act and Reservation 6 to the Treaty. The Commission sees no need to clarify or change existing law regarding this issue. Additionally, the interest-bearing and non-interest bearing elements of the net direct investment were recognized in the Commission's Accounting Principles and Standards Statement approved by the Comptroller General on September 14, 1982.

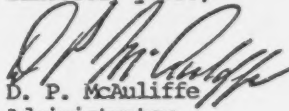
Capitalization Policy. On page 2 of the report, GAO discusses its opinion that in regards to certain navigational projects, "... the Commission's decision to expense rather than capitalize the cost of these projects is not in keeping with [its] approved capitalization policy." The Commission holds that its capitalization policies have been properly applied.

The projects questioned by GAO are identified as La Pita Hill, Lirio Point and Mamei Curva. The La Pita Hill and Lirio Point projects did not contribute to increasing Canal capacity, but were prudent efforts under the Bank Stabilization Program to avoid the possibility of catastrophic landslides into the channel. These two projects constituted earth-moving projects, not dredging, falling in the category of "Civil Works." As a secondary benefit, these projects also extended the pilots' lines-of-sight at these bends in the channel and added a modicum of safety to their control of vessels. The Mamei Curva project consisted of piecemeal dredging work accomplished with normal work force and equipment which also did not result in increased Canal capacity.

The Commission's accounting policies, including those on capitalization, have been approved by GAO. Present questions hinge on the interpretation of what constitutes a substantial improvement. It is the intent of the Commission to further clarify its written interpretation by further defining "substantial improvements and betterments" to preclude misunderstandings. Some additional clarification is necessary because questions of interpretation or application of the Commission's policy cast an unnecessary doubt on the validity of amounts stated as contingently payable to the Government of Panama under the 1977 Treaty.

Had the Commission considered all or any part of these projects subject to financing through the Capital Program, such action would have been anticipated in its Capital Budget. The resultant change in operating costs would have been offset by a necessary comparable increase in the Advances for Capital and there would have been no change in the amount of net income payable to the Government of Panama.

Sincerely yours,


D. P. McAuliffe
Administrator

INCREASE IN OVERTIME PAY

SENATOR ANDREWS: In Fiscal Year 1984, the PCC's actual overtime expenditures were 133 percent of the amount budgeted. A significant portion--\$5.1 million--of the overtime occurred in the last two months of the fiscal year. Is this overtime attributable to some emergency operations? What management controls exist for insuring against unneeded overtime expenditures?

ANSWER: The Commission does have extensive controls in place to ensure that the use of overtime is not wasteful. These controls include the requirement that all overtime must be approved, in advance, by either the Bureau Director or his designee.

In reference to the use of overtime in the latter part of fiscal year 1984, several factors contributed to that. Early in fiscal year 1984, the Commission was required to react to a substantial revenue short fall that started to appear in the first quarter. The uncertainty of the magnitude of this short fall, coupled with the management action that were designed to balance expenses with revenue, resulted in the Commission pursuing a conservative approach with respect to the incurrence of payroll cost for a significant portion of the year. This conservative approach, which included no new hires, etc., had the effect of holding payroll cost below budget for the major portion of the year. At the end of ten months (July 1984), payroll and related expenses were some \$5.2 million below budget. At the same time, employments, including workyears for full time and total positions were some 200 below budget, reflecting the Commission's conservative employment posture.

Late in the fiscal year however, it became apparent that tolls revenues would exceed the earlier estimates and that much needed work previously postponed could now be performed within the available resources. This allowed Commission managers to aggressively pursue approved budget programs, which, because of the limited time remaining in the fiscal year, resulted in accomplishing some of the planned work with overtime rather than through

additional employments. It is important to note that at year-end 1984, the Commission was \$1.5 million below the budgeted amount for payroll costs, and employments were below the approved budget level.

PCC PILOTS

SENATOR ANDREWS: PCC employs several hundred pilots to guide transiting ships through the Panama Canal. How many U.S. and Panamanian pilots are currently employed? What are the plans and goals regarding increasing Panamanian participation in the pilot workforce?

ANSWER: The Panama Canal Commission currently has a total of 219 pilots, 13 of which are Panamanian citizens. In addition, the Commission has 33 employees in pilot training position of which 20 are Panamanians.

Since treaty implementation, the towboat force has become the major recruitment base for selection to the Pilot-in-Training Program. The Commission has accelerated its training of Apprentices, Mate Trainees and Mates increasing that training core from 16 in FY 1979 to 56 today of which 49 are Panamanian citizens. A Pilot Understudy Program (PUP) directed towards Panamanian graduates of recognized maritime academies with two years sailing experience was also adopted and to date a total of 13 PUPs are in various stages of training with 9 scheduled to graduate to Pilot-in-Training in March 1985. Additionally, the Commission has also pursued the enrollment of Panamanians in various maritime academies in the United States. A total of 23 Panamanians are presently attending these schools of which 20 secured appointments by virtue of the efforts of the Commission. It is anticipated that these efforts will greatly contribute to our goal of approximately 90% conversion between the U.S. citizen and Panamanian pilot work force by the year 2000.

PRIVATIZATION & USER FEES

SENATOR ANDREWS: The Commission apparently maintains a tire recapping facility. How many tires are recapped annually? How many vehicles does the Commission have? How does the cost of recapping in-house compare with contracting out or other alternatives?

ANSWER: The Motor Transportation Division's recap shop is presently recapping approximately 75% of the tires used by fleet vehicles. The Commission currently has 801 GSA reportable vehicles in the motor pool plus 38 special purpose vehicles, and approximately 60 trailers, material handling equipment, and construction equipment that use truck or construction-type tires.

The tire recap shop is operated approximately 13 weeks out of every year and produces approximately 110 recaps per production week for a total of about 1,430 tires each year.

The Motor Transportation Division costs for recap operations is approximately 40% of the cost charged by recap shops in the Republic of Panama.

SENATOR ANDREWS: You requested \$183,000 for guide service and maintenance of tourist viewing points. The St. Lawrence Seaway makes 8% of its revenues from tourism. Do you charge for guide services? Do you charge fees for tourist activities in the Canal areas?

ANSWER: The Commission does not charge for either guide

services or tourist activities in the Canal area. Orientations concerning the history and operation of the waterway are provided as a public service at this internationally strategic location. The charging of such fees are politically sensitive issues with the Government of Panama as they have a direct effect on Panama's tourist industry.

DEFICIT REDUCTION ACT SAVINGS

SENATOR ANDREWS: Section 2901 of the Deficit Reduction Act called for savings in overhead costs (printing, motor vehicles, publishing, public affairs, consultants, and travel). What savings in these areas are reflected in the Commissions' Fiscal Year 1985 budget. Provide the FY 1984 baseline for these categories provided to OMB, and the OMB passback of Section 2901 savings to be achieved.

ANSWER: The Commission, because of its unique financial structure, was exempted from the Deficit Reduction Act. Hence, the Office of Management and Budget did not apply any reduction to the Commission's budget.

QUESTIONS SUBMITTED BY SENATOR CHILES

SENATOR CHILES: What would your position be on the Congress providing you the authority to pay the funds owed to the General Fund of the Treasury? How can the Panama Canal Commission time its obligations so that the transfer will not hamper operations?

ANSWER: I assume the question relates to interest accumulated in the Panama Canal Commission Fund. The Commission's position is that we do not oppose the transfer of the funds associated with the FY 1986 interest expense. However, transfer of the amounts collected from FY 1980 to 1985 would result in a serious fund problem for the Commission. The requirement that Commission appropriations be derived from the Panama Canal Commission Fund imposes the need for the availability of a large funding authority balance at the start and during the course of each year to backstop obligations. The transfer of accumulated interest from the Panama Canal Commission Funds would reduce its balance to a level that would jeopardize the Commission's ability to meet its day-to-day financial requirements. This situation would become more acute over time as the effect of inflation manifests itself in higher costs. The Commission does not consider constraints on timing of obligations to be in the interest of the efficient or effective management of the Canal. The Commission must have an adequate level of funding authority available at all times in order to preclude the arbitrary rejection or deferment of claims and other liabilities. At the same time the Commission must be allowed to judiciously perform its capital program, finance vessel accident awards and, generally, handle Canal commitment in a manner similar to any other U.S. Government agency.

It is worthwhile to note that the majority of U.S. Government agencies, most of which are not self-financing, receive their approved appropriations at the beginning of each fiscal year. They do not have the unusual financial restrictions, i.e., financing future obligations from current cash, which have been imposed upon the Commission. Accordingly, it is the Commission's position that it is appropriate to provide for a reasonable level of funding

authority which serves as a substitute to the resources available to other U.S. Government agencies.

CANAL PILOT COMPENSATION

SENATOR CHILES: I understand that Canal pilots received an average of \$83,939 which comes from \$59,946 in base pay and \$24,443 in overtime pay. Many pilots earn \$120,000 a year and more. Do you believe that pilot overtime should be limited particularly because of safety considerations due to fatigue?

ANSWER: First let me say that during FY 1984, none of our pilots earned \$120,000. As you stated during FY 1984, the average pilot pay was approximately \$83,000 per pilot, including overtime and additional compensation bonuses. Overtime is strictly controlled by Canal transit schedules. In addition, at current levels of traffic, there would have to be a significant and extended upswing in the level of traffic for overtime to be a serious safety consideration. In addition, there is a policy of allowing pilots at least 12 to 16 hours rest time between assignments.

The establishment of a limitation could only have serious detrimental effects upon our relationship with the bargaining units and in our ability to handle ship traffic. Accordingly, we do not believe a limitation is in the best interest of the Commission.

WIDENING THE GAILLARD CUT

SENATOR CHILES: I understand that at your last Commission meeting, widening of the Gaillard Cut was discussed and a vote was taken to approach the International Development Bank in Washington for possible financing. What is the status of plans to widen the Cut? If it is decided to do so, how will it be financed?

ANSWER: The Inter-American Development Bank (IADB) was requested to provide technical assistance in the development of terms of reference for eventual use by a financial consultant who will analyze the various financial alternatives potentially available to the Commission. The Cut Widening Study is progressing on schedule and all of the technical analyses should be completed by the last quarter of calendar year 1985 and will be followed by an internal review. Its potential financing, should the project prove technically and economically feasible, will be the subject of the separate financial analysis referred to above.

IMPROVEMENTS TO THE CANAL

SENATOR CHILES: A program is now underway to deepen the Canal from 44 1/2 feet to 47 1/2 feet and we understand the Bohio Island is being removed from the Canal. What is the status of these two efforts and when will they be completed? How much financing is proposed for these two projects in the 1986 budget? While these are rather significant improvements to the Canal, they are not mentioned in the capital or operating budget. Why not? Don't you believe that the accounting practice of expensing all dredging work results in a budget justification document that tends to conceal significant Canal activities from congressional review? If not, why not?

ANSWER: Deepening of the channel is progressing according to schedule and should be completed in May 1985. The widening of Bohio Curve includes the removal of part of the DeLesseps Island. Currently, clearing and leveling of the island is being done;

drilling and blasting will start in April 1985. Final grading will be completed by September 1986. The FY 1986 estimated cost is \$2.5 million.

The Bohio Island project is being accomplished under the "Maintenance of Channels, Dams and Spillways" activity identified on pages 10 and 11 of the Commission's FY 1986 budget justification booklet. It is extremely difficult to be all inclusive with respect to coverage of the many aspects of the Commission's operating and capital program.

Apparent in these questions is the issue of whether the work being performed meets the definition of significant improvements. The Commission maintains that it does not. The work is piecemeal in nature, it is being accomplished by normal workforce and equipment and it has an insignificant impact on Canal capacity.

The Commission's budget presentation is not intended to conceal these costs from Congressional review. To the contrary, the Congress, particularly the House Appropriation Committee, has been aware of the Commission's interest in the Bohio Island project for several years.

SUBCOMMITTEE RECESS

Senator ANDREWS. The subcommittee will now stand in recess until 1:30 p.m., Thursday, March 7, when we will meet on the National Transportation Safety Board and the St. Lawrence Seaway.

[Whereupon, at 11:40 a.m., Tuesday, March 5, the subcommittee was recessed, to reconvene at 1:30 p.m., Thursday, March 7.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 7, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 1:43 p.m., in room SD-124, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Present: Senator Andrews.

NATIONAL TRANSPORTATION SAFETY BOARD

STATEMENT OF JIM BURNETT, CHAIRMAN, NATIONAL TRANSPORTATION SAFETY BOARD

ACCOMPANIED BY J. PETER KISSINGER, MANAGING DIRECTOR, NATIONAL TRANSPORTATION SAFETY BOARD

INTRODUCTION OF WITNESS

Senator ANDREWS. The subcommittee will come to order. I would like the Chair to express our apologies for being late. That is the trouble with Senator Chiles and I both serving on the Senate Budget Committee, which is grinding things away upstairs.

We will first hear from the National Transportation Safety Board. Jim Burnett, the Chairman, is here.

Welcome, Mr. Chairman. Let me assure you that your statement will be included in the record as though read in its entirety. We would be glad to have you summarize it any way you might want.

PREPARED STATEMENT

Mr. BURNETT. Mr. Chairman, I believe we will submit our prepared statement and then move directly to the questions.

I would like to introduce Mr. Peter Kissinger, the Managing Director of the Safety Board, who is seated on my right.

[The statement follows:]

STATEMENT OF JIM BURNETT

Mr. Chairman, I appreciate the opportunity to appear on behalf of the National Transportation Safety Board to present our budget for Fiscal Year 1986. I want to thank you and the other Members of this Committee for your continued support for and interest in Safety Board activities and programs.

In addition, I want to pay tribute to the Board's management team, as well as all the dedicated staff whose accomplishments in advancing transportation safety are even more significant and impressive in the face of often trying circumstances and limited resources. Working together and with your continued support we are dedicated to maintaining and improving the safest transportation system in the world.

Aviation Accidents

A record low total accident rate for air carriers in 1984 was abruptly shattered on New Year's Day 1985 when 29 persons on board an Eastern Airlines B-727 lost their lives in a mountain-top crash near LaPaz, Bolivia. This accident was, in turn, overshadowed three weeks later by the tragic crash of a Galaxy Airlines Lockheed Electra charter flight in Reno, Nevada that killed seventy people. This was the largest loss of life in a domestic accident since a Pan American B-727 crashed on takeoff from New Orleans International Airport in July 1982 after encountering a severe wind shear.

Commuter airlines, following a record low 1983 fatal accident rate, suffered a doubling of that rate in 1984. The worst of these accidents was the crash after takeoff from Jacksonville of a Provincetown-Boston Airlines Embraer Bandeirante-110 in December which killed 13. Despite this sudden jump in the Part 135 fatal accident rate, however, it is important to note that the number was actually an improvement on eight of the nine prior years.

FAA Surveillance and Inspection

Even though aviation accident statistics of the past few years have been encouraging, Congressional and public concern has been raised by increasing reports of inadequate FAA surveillance and inspection of U.S. airlines and commuters. Particularly since the crash of an Air Illinois Hawker-Siddley near Pinckneyville, Illinois in October 1983, the Safety Board has found evidence of some operations and maintenance practices that fall short of federal aviation standards. Thus we are taking a closer look at FAA procedures to determine whether or not additional actions need to be taken to weed out those operators who may be cutting corners in a highly competitive, deregulated environment.

Weather

Tremendous strides have been made in aviation technology in the brief eight decades of its existence, and yet aviation continues to be plagued by one of the oldest causes of accidents in the book -- weather. A particularly significant phenomenon -- wind shear -- has always been with us, but it has only been during this past decade that the aviation community has recognized it as a serious threat to aviation safety.

One cockpit crew that need not be convinced of this fact was attempting a go-around following an approach to Detroit's Metro Airport last June in a USAir DC-9 when it encountered a strong wind shear associated with a thunderstorm. Although the plane slammed onto the runway, the crew of five and fifty passengers fortunately escaped all but a few minor injuries.

Less than two weeks earlier, a United Airlines B-727 encountered wind shear while taking off from the Denver Stapleton Airport and struck a localizer antenna. In this case, it is possible that the crew was able to

avoid disaster because of its training in using all the airplane's performance capabilities in a wind shear encounter.

Consistent and comprehensive pilot training, first in how best to avoid wind shear and then in how to "fly out" of it, if possible, is one of many NTSB recommendations to the FAA on this subject. While the FAA generally has been responsive to wind shear safety recommendations, significant benefits have yet to be realized from research and development efforts. The Safety Board continues to believe that wind shear detection and avoidance must be given high priority in order to prevent the type of tragedy that took place in New Orleans in 1982 and might have occurred in Detroit and Denver this past year.

Rail Investigations

An unusual number of high visibility accidents in the past year has tested the capacity of our newly rebuilt rail investigation program. Ranging from derailments at Kittrell, North Carolina and Williston, Vermont to a head-on collision in Queens, New York, AMTRAK passenger trains headlined the news and bore the brunt of negative publicity surrounding rail transportation.

In addition to investigating these accidents, the Board is focusing on the rail safety problem that claims the most lives -- the conflict between motor vehicle traffic and train movements at grade crossings. We plan to investigate, in depth, at least 50 grade crossing collisions. A study report will be issued recommending actions to reduce this tragic and avoidable loss of life.

Alcohol and Drugs in Railroading

Despite the public attention on AMTRAK operations, it was freight train accidents that took the greatest toll in terms of loss of life and property. Two examples are a head-on collision in April of two Burlington Northern trains at Wiggins, Colorado, followed eight days later by a rear-end collision of two more Burlington Northern trains near Newcastle, Wyoming. Although the Board has yet to determine probable cause in these accidents, the use of alcohol and drugs is being examined as a possible contributing factor.

For years the Safety Board has pushed for federal rules to reduce alcohol and drug abuse by railroad crewmembers, and in 1983 issued updated recommendations seeking such action by the Federal Railroad Administration (FRA). In response the FRA published an Advanced Notice of Proposed Rulemaking, and in June 1984 formally proposed federal rules. The Board still awaits final rulemaking.

Track Geometry

The single greatest cause of train accidents during the past five years -- including passenger trains and hazardous materials trains -- has been substandard track geometry. In 99 percent of the track-caused accidents, the train derailed. The Board is about to publish a new analysis of these problems and recommend to the Federal Railroad Administration several actions to improve the use of automated track inspection equipment to reduce the risks of inadequate track.

Rail Rapid Transit

Rail rapid transit accidents also kept us busy this year. Among those investigated were a derailment in the New York City Transit Authority East

River Tube, a rear-end collision on the new Metro-Dade Rail System just prior to its official opening, a rear-end collision of two Chicago Transit Authority trains and a similar accident on Philadelphia's SEPTA system. But the Board's attention was most closely drawn to an alarming number of fires in the New York City Transit Authority subway system. In view of the potential for catastrophic loss of life posed by an uncontrolled fire in the system, the Safety Board conducted an unprecedented investigation of the causes of these fires, committing a dozen investigators over a week-long period. A report of the Board's findings and recommendations will be issued in 1985.

Highway Safety Issues

The Safety Board takes great pride in its contributions toward efforts to convince states to pass laws mandating the use of child safety seats and requiring that those who purchase or consume alcoholic beverages be at least 21 years of age. We believe these actions will contribute significantly to increased safety on the highways.

Getting a law on the books does not solve the problems, however -- it is really just a beginning. What we are discovering from statistics regarding child safety seats, for instance, is that a large percentage of parents either do not use child seats at all or use them improperly. We find too that enforcement of drinking and driving laws is not always what is desired. Thus the Board will turn its efforts from encouraging legislative action to pushing for enforcement of laws and public education to realize its long-term highway safety goals. To that end, the Board recently held a child safety seat symposium, chaired by Vice Chairman Patricia Goldman, and will sponsor an alcohol education symposium next week which I will chair.

Schoolbus Safety

Another area of Board interest is schoolbus safety and whether or not buses that meet the 1977 crash performance standards provide adequate protection for school children. We are in the process of gathering data on school bus accidents and will issue a report sometime in 1985.

DOT Classification of Hazardous Materials

Of all transportation accidents, those involving large-scale release of toxic hazardous materials potentially pose the deadliest threat. A tragic illustration of this took place at a manufacturing plant in Bhopal, India in December. But what does a hazardous materials leak in India have to do with the U.S. transportation system? Plenty, when you consider that the material in question (methyl isocyanate, or MIC) falls under the DOT classification of a hazard by virtue of its "flammability." No mention is made under this classification of its potential for widespread sickness and death due to toxicity.

Fortunately, despite the inadequate classification scheme, U.S. industry practice is to classify MIC as a toxic material and it is shipped under strict guidelines. Nevertheless, this is but one example of many which need to be corrected through a more realistic classification system. We have so recommended to the Department of Transportation, and it has recently issued an NPRM on reclassification of toxic hazards. The Board will continue to push for overall classification reform.

Transportation of Hazardous Materials

Another potential for disaster exists in the transportation by common carriers of explosive hazardous materials through populous areas. National attention was drawn to a semi-trailer carrying Navy torpedoes which

overturned in Denver last August. The accident highlighted the need to review many of the procedures and policies governing the transportation of military weapons. These issues include qualifications of carriers and the drivers they employ, routing of shipments, DOD emergency response capabilities, and the ability of community emergency responders to quickly identify and mitigate the immediate or potential hazards of the cargo.

Offshore Safety

A noteworthy fact emerging from marine accident investigations is the number of lives lost on non-conventional vessels referred to as mobile offshore drilling units (MODUs). Most of these rigs are considered vessels in navigation and are subject to U.S. Coast Guard manning and personnel qualification regulations. However, current Coast Guard manning standards for MODUs do not require that the person in charge obtain appropriate training and licenses to perform seafaring duties. Three major rig capsizings and sinkings all involved hazards that are familiar to mariners, but the MODUs were under the effective control of industrial personnel who failed to recognize seagoing hazards. Those three tragedies alone cost the lives of 178 people.

The Safety Board repeatedly has recommended that the Coast Guard promulgate MODU personnel qualification and manning standards as a matter of urgent priority.

Safety Studies

In addition to its accident investigation activities, the Safety Board conducts numerous safety studies through the in-depth review and analysis of accident investigation data. Studies soon to be issued include a review of ultralight vehicle use and the need for FAA regulation and a study of the crash survivability of general aviation airplanes.

A major highway safety review underway, in addition to the schoolbus safety study mentioned earlier, is a study of the performance of occupant restraints in survivable motor vehicle accidents. This study will provide systematic information on the performance of seat belts in at least 150 crashes. The Board will document crash dynamics, injury sources and seat belt performance, including the effects of car size and crash dynamics on belt performance.

FY 1986 Budget Request

In order to fulfill our mandate to investigate transportation accidents and to undertake the studies I have mentioned, the Safety Board is requesting for Fiscal Year 1986 \$21,559,000 and 334 full-time equivalent positions.

The Safety Board supports the efforts of the President and the Congress to restrain federal spending, and to cope with the resulting budget and staffing cuts we will continue our efforts to emphasize improved efficiency, productivity and cost savings. In this regard, I would like to point out some management improvements we made over the past year in an effort to maximize our resources.

- Designed and implemented one of the most advanced accounting systems in the Federal Government which is being used as a model for other agencies.
- Designed and implemented a Board-wide microcomputer system to allow better access and distribution of information and data, including to and from the ten field offices.

-- Enhanced the laboratory computer capabilities to retrieve and process air traffic control radar data as well as the ability to computerize the reconstruction of the sequence of events during a midair collision.

Mr. Chairman, that completes my formal statement. I would be pleased to respond to questions.

NTSB/DOT RELATIONSHIP

Senator ANDREWS. Mr. Chairman, your statement discusses the Board's ongoing work in the following important areas: FAA procedures to weed out unsafe air carrier practices, rail highway grade crossings, and seat belt performance in motor vehicle accidents.

While the committee encourages the Board on these perspective efforts, can you assure us that they are on a fast track and that the Board and DOT are working as effectively as possible to get results?

Mr. BURNETT. We certainly have all of these efforts on as fast a track as our resources permit us to have, Mr. Chairman.

The DOT has been responsive to many of our efforts in this area. In any of them I am not prepared to say that they have done all that we wish them to do.

For instance, in the area of FAA surveillance, since our investigation of the Air Illinois accident in southern Illinois in late 1983, the FAA has conducted a series of white glove inspections of various air carriers and has produced, I think, a much tougher posture on air carrier operations, particularly with commuter air carriers in this country. But we don't really believe that those have been institutionalized yet, and we think much remains to be done. We have continued our own study of their surveillance procedures in that regard.

PROVINCETOWN-BOSTON AIRLINES

Senator ANDREWS. I know, Mr. Chairman, and you have some intriguing things to say about the Pinckneyville, IL, accident report on just that subject, the FAA surveillance, and where it falls down.

A Provincetown-to-Boston airline was grounded by the FAA on November 10, 1984, and allowed to resume service November 25 after reportedly correcting problems.

On December 6 the Provincetown-Boston airline flight crashed in Florida with 13 fatalities.

What relationship exists between the initial grounding, the service resumption, and the crash?

Mr. BURNETT. As far as we know now, none, Mr. Chairman. The grounding took place primarily due to operational problems and the failure of pilots to follow FAA regulations.

Senator ANDREWS. The crash was clearly not pilot error?

Mr. BURNETT. Well, no, sir, we don't know yet what produced that situation. That is still very much under investigation. It is not just that we haven't determined the cause of that accident, we don't know at this time. So we really can't say what the relationship between the two might be.

As you know, there was a structural failure, and we are investigating whether that has to do with the design of the aircraft. If we had an overloading situation which produced the failure, that could have resulted from the performance of the pilot.

FAA INSPECTION PROGRAM

Senator ANDREWS. Mr. Chairman, you were quoted as saying, "We have a long way to go to eliminate FAA inspection program problems."

The FAA is now reviewing its procedures. Is FAA, in your mind, doing enough to improve its inspection standards?

Mr. BURNETT. It certainly has improved, primarily, I think, due to the influence of the Secretary of Transportation. In the white glove inspections they have conducted and in their responsiveness to our recommendations they have done a lot since this problem became apparent, but my fear is that none of this has really been institutionalized; that it has been reactive rather than anticipatory of the kind of problems that might take place in the future.

Senator ANDREWS. Do you think more inspectors are called for?

Mr. BURNETT. Mr. Chairman, I think it would certainly help the FAA to do their work if they had more manpower, but I think more manpower alone, given the enforcement and surveillance philosophy we have seen at the FAA, unless some changes in that philosophy and practice are instituted, might be a waste of public resources.

I think probably the answer to that is both numbers and quality are needed. We are still looking at that in the course of our study of the FAA surveillance system.

Senator ANDREWS. In the course of your study are you going to come up with a more definitive, shall we say, recommendation?

You are the one that is watching the cat, so to speak. We are the ones that have to take a look at the request for personnel. And we have got to make that decision, if we do it in the normal time procedure, by May, thereabouts, when we mark it up.

Are you going to have any additional information for us by then?

Mr. BURNETT. By May, except what may be contained in the ongoing accident investigations, we will not.

The study we intend to undertake this year is still in the planning stages. We are trying to coordinate with the GAO in the study they are doing at the request of the Congress so that we will not duplicate their activities. The fact is that the two of us will supplement each other, but we will certainly not have that study completed prior to May.

AIR ILLINOIS

Senator ANDREWS. I mentioned a minute ago that Air Illinois investigation report. On Tuesday of this week the Board met to finalize that report.

Why did it take 16 months to complete?

Mr. BURNETT. First, Mr. Chairman, we did extensive technical analysis of alleged problems with the generator on that aircraft. The carrier had mentioned that they believed there were similar problems with a generator on an Air Virginia aircraft, and we wanted to dispose of all of those technical issues.

We did not find there to be any problem that we felt was the cause of the accident or required any safety recommendations from us.

When the report was first submitted to the Board, we did not think it dealt adequately with the issue of FAA surveillance. We recommitted it to the staff for a redraft that dealt more in detail with the FAA surveillance problems that were uncovered.

Senator ANDREWS. Well, I am looking at page 74 of your report, and you talk about the accident airplane and during the preceding flight that day the flight crew had recorded an out-of-tolerance division of generator loads in the performance section of the airplane flight log book.

However, the captain of the flight had not recorded this malfunction in the discrepancy section of the log book page as required.

The POI testified that he did not detect this because he did not review the flight log book during the flight.

That certainly comes under FAA monitoring, to see that those procedures are followed, doesn't it, Mr. Chairman?

Mr. BURNETT. Yes; one of the functions of the check ride is to do that sort of thing.

Senator ANDREWS. That's right.

Mr. BURNETT. The pilot should have checked that. If he failed to do so and appropriately react to it, the FAA inspector should have picked that up.

Senator ANDREWS. Why was the staff directed last December to rewrite portions dealing with FAA monitoring of Air Illinois?

Mr. BURNETT. Primarily because I felt—and I think this was shared by at least some of the other Board members—that it was a bit too mild in its treatment of the FAA on that issue.

FLIGHT CREW TRAINING SURVEILLANCE

Senator ANDREWS. Does the Board make specific recommendations to the FAA regarding flight crew training surveillance?

Mr. BURNETT. Yes, we have. In fact, we have made several recommendations in the past year dealing with the whole area of FAA surveillance, both operations and maintenance.

Senator ANDREWS. Has FAA responded adequately to that?

Mr. BURNETT. By and large, yes, they have. In fact, I don't think we have any major disagreement with their response to date to those recommendations we have made.

Many of them, however, are still in the process of being implemented and have not been closed out.

CHINA AIRLINES

Senator ANDREWS. The recent incident involving the China Airlines flight from Taipei to San Francisco raises questions, of course, with foreign carriers' maintenance and training practice.

What preliminary conclusions has the Board reached regarding the flight's engine failures, rapid descent, and pilot response?

Mr. BURNETT. Mr. Chairman, we have no evidence that there was any failure other than of the No. 4 engine.

In fact, the evidence at this point indicates that the other three engines remained operational. They maintained electric power and maintained compression, and if they had lost all engines that would not have been so.

The flight crew, however, did say that they felt that they had lost all of them, but the other information they gave us about the functioning of their electrical system is not consistent with that explanation.

We have determined that the aircraft became inverted, a roll of 162 degrees, a nose-down pitch of 67 degrees. According to the flight crew, it reached an indicated air speed of 400 knots. We have on the flight data recorder evidence of 4.7 positive G's.

It was a remarkable incident, but we are now developing a computergraphic display of all of the maneuvers of this aircraft, which will give us a very vivid depiction of what took place.

As far as why it took place, there are still several scenarios we are looking at. Right now we could pick any one of them, and we have not been able to resolve what happened to initiate this sequence.

SEAT BELTS

Senator ANDREWS. Mr. Chairman, the National Highway Traffic Safety Administration's Administrator testified before this committee last week that a seat belt usage level exceeding 25 percent would be achieved by next spring.

Does your Board concur in this?

Mr. BURNETT. We haven't taken any position on it. I think that may be the first time that I have heard that prediction, although, I would be very surprised if that is reached.

Senator ANDREWS. Will increased use of seat belts stem from State or Federal efforts in your opinion?

Mr. BURNETT. I think probably it will take both in order to achieve the usage that we need to achieve. Certainly the kind of public relations that needs to take place to convince people to use these devices is something that is best done on the national level, although there are certainly some State activities that are both feasible and advisable.

As far as mandating the use of seat belts, the States can certainly achieve a great increase if they do that and enforce it. I have some doubt as to whether or not the American public is going to support the

kind of enforcement efforts as opposed to just merely passing the law that will produce high rates of seat belt usage.

Only high rates of seat belt usage will result in major reductions in our loss in highway fatalities and injuries.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much, Mr. Chairman. I have some questions I would have asked you orally, but there is a vote out on the floor so I have got to run for it. I will include them for the record.

Senator Chiles has some questions, also, he would like to submit for the record, and it very well may be that other Senators will have questions for the record as well.

The subcommittee will stand in recess subject to the return of the Chair when we will hear the St. Lawrence Seaway Commission.

Mr. BURNETT. Thank you, Mr. Chairman.

[A brief recess was taken.]

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

Accomplishments and Goals

SENATOR ANDREWS: The justification (p. 9) claims that nine safety studies will be completed in FY 1986. Yet it is not clear from the safety study portion of the justification which nine areas will be examined. Please state these areas and completion dates for the record, as well as a listing of FY 1984 and 1985 studies.

ANSWER: In planning the safety studies program, staff annually submits to the Board a studies plan, including a list of those safety studies completed during the previous fiscal year, those underway at the time of the proposal, those to be undertaken in the near term, and those being considered for the longer-term. After consideration, revision, rearrangement, and ultimately approval by the Board, the plan provides the basis for overall management of the safety studies program. However, those studies included in the approved plan for the longer-term (and even, to some extent, those approved for the near-term) obviously are subject to change as safety priorities change, other agencies undertake work in similar areas, external events occur that alter the relative importance of a study subject area versus other subject areas, etc. Therefore, although it is possible and necessary to estimate the number of safety studies to be completed in a future fiscal year, and even to suggest likely subject areas for some of the budgeted studies, it is not possible to enumerate a "hard" list of studies, much less their exact completion dates. Based on previous years' experience, we estimated that the Board would complete nine safety studies during Fiscal Year 1986. Likely subject areas would include:

- Effectiveness of FAA Surveillance of Air Carrier Maintenance
- Safety Issues of Large/Heavy Trucks
- Seatbelt Performance in Crashes
- Fishing Vessel Safety
- Systematic Approach to Countermeasure Development for Alcohol Abuse in Transportation
- Small Communities' Response to Hazardous Materials Transportation Emergencies
- A second aviation study (topic to be determined)
- 1984 General Aviation Annual Review
- 1984 Air Carrier Annual Review

The safety studies completed in FY 1984 were:

- Airport Certification
- Statistical Review of Alcohol Abuse in Aviation
- Deterrence of Drunk Driving: The Role of Sobriety Checkpoints and Administrative License Revocation
- Alcohol Involvement in Recreational Boating
- Deficiencies in Enforcement, Judicial, and Treatment Programs Related to Repeat Offender Drunk Drivers
- Turbine Oil By-Product Contamination
- 1980 General Aviation Annual Review
- 1981 General Aviation Annual Review

The safety studies expected to be completed in FY 1985 are:

- Ultralight Vehicle Accident Review
- Automated Track Inspection Program
- General Aviation Crashworthiness: Phase II
- Overwater Emergencies

Railroad Grade Crossing Accidents: 1983/84 Data Review
 General Aviation Crashworthiness: Phase III
 1981 Air Carrier Annual Review
 1982 General Aviation Annual Review
 1982 Air Carrier Annual Review
 1983 General Aviation Annual Review
 1983 Air Carrier Annual Review

Several other safety studies may be completed within this fiscal year, including studies on daytime running lights, hazardous materials handling in rail yards, emergency position indicating radio beacons (EPIRBs), safety briefings for air carrier passengers, and a number of others.

Provincetown-Boston Airline

SENATOR ANDREWS: Are FAA inspectors under pressure to hasten post-grounding reviews in order to mitigate the carrier's financial hardship?

ANSWER: As far as we can determine there is no FAA policy to this effect. However, we are under the impression that the carriers exert subtle pressure on the FAA to expedite these inspections. The carriers, by expediting completion of compliance items and informing the inspecting office that existing discrepancies have been corrected, then press for inspection by the FAA.

The FAA statute includes the mandate to be responsive to users of the system; therefore self exerted pressures may come into play on the part of FAA management or individual inspectors to hasten post-grounding reviews in order to help the carrier. We cannot state whether this has anything to do with financial hardships, but we assume that the FAA is aware of the economic realities involved with a carrier being grounded and are probably spurred on by this reality.

SENATOR ANDREWS: The Board recommended the grounding of Bandeirante aircraft after the PBA crash. FAA elected, instead, to require inspections. Has the Board followed up to ensure that the 90 or so Bandeirante aircraft in U.S. commercial service have been properly checked and modified if necessary?

ANSWER: Yes, of the 120 airplanes in U.S. service, all but about 45 were modified to strengthen the structure of concern -- of those 45 which were not modified, 26 had some type of discrepancy which was corrected. None of those discrepancies were considered so serious that the airplane was in danger. The remaining 45 unmodified airplanes are in the process of being modified.

Inspectors

SENATOR ANDREWS: The House Appropriations and Public Works Committees, as well as this Committee, have asked GAO to review the adequacy of FAA's aviation inspector workforce. Since the Board has done work in this area, in what specific areas will you be cooperating with GAO?

ANSWER: Although the Safety Board's study of the FAA's air carrier maintenance surveillance activities is still in the planning phase, our accident investigation experience has clearly defined many air carrier maintenance surveillance safety issues which merit careful attention. For example, the Safety Board has

expressed concern, through safety recommendations, about the qualification of FAA inspectors, the amount and distribution of FAA resources devoted to surveillance, and the suitability of FAA's methods for approving initial and continuing airworthiness programs for air carriers. These concerns have been discussed in planning meetings involving Safety Board and General Accounting Office (GAO) staff held in November of 1984 and January of this year.

Recent, ongoing accident investigations such as the Galaxy Airlines L-188A at Reno, the TPI International L-188A at Kansas City, and the North Pacific Airlines Beech at Soldotna, Alaska, continue to raise questions about the air carrier surveillance efforts of the FAA. The Board shares the concerns of this Committee, evidenced by the recent request that the GAO conduct a comprehensive review of the FAA's oversight of maintenance and operations by the nation's commercial air carriers. I have asked Safety Board staff members to consider the nature and scope of GAO's review in the planning of our safety study. Our staff will meet with GAO staff again to discuss possible areas of cooperation which will result in the most thorough evaluation of the FAA's oversight role.

China Airlines

SENATOR ANDREWS: We understand that the FAA sets standards for foreign carriers serving the United States. Do you believe those safety standards are adequate? Were any adjustments made after the Korean Airlines 007 incident in 1983?

ANSWER: We believe that the safety standards are adequate, but in both the KAL 007 occurrence and the KAL accident in Anchorage in December 1983 it appears that the carrier's operating procedures, i.e., the minimum required safety standards, were not being followed by the flight crews. It is our understanding that a significant reorganization was undertaken by Korean Airlines following these occurrences. In addition, the FAA reviewed the procedures of KAL to insure that they were in accordance with the accepted operating practices required for operations in and out of U.S. territory. It is our understanding that these procedures were acceptable to the FAA.

Pilot Fatigue Factor

SENATOR ANDREWS: Is the Board conducting any work in the area of pilot fatigue? Do regional carriers comply with the same flight and duty time regulations as the major carriers?

ANSWER: While the Board has not conducted any studies which specifically address pilot fatigue, human performance investigators are collecting information on the activities of all pilots and other personnel involved in an accident scenario for the 72 hours preceding the accident and earlier if indicated by the information obtained. This will permit an assessment of the involvement of fatigue and sleep loss in accidents. At the present time, there is insufficient data to indicate any trends.

Flight time limitations and rest requirements for flight crewmembers are different for operations under 14 CFR Part 121 and for Part 135. Part 121 flight/rest time limitations pertain to domestic, flag and supplemental air carriers and to commercial operators of large aircraft. Part 135 flight/rest time limitations

pertain to air taxi operators and commercial operators. The Part 135 flight/rest time limitations are generally less restrictive than those of Part 121 and, as such, could create a greater potential for pilot fatigue. The flight/rest time limitations that would apply to "regional carriers" would depend on whether the particular flight was operating under the requirements of Part 121 or Part 135.

Carrier Economic Fitness Reviews

SENATOR ANDREWS: This Committee directed the Department of Transportation to continue the economic fitness reviews of air carriers formerly conducted by the Civil Aeronautics Board (CAB). These reviews could alert FAA to potential carrier safety problems. Is it your observation that the FAA and Department are exchanging this information for one another's mutual benefit? If not, have you corresponded with Secretary Dole and Administrator Engen on the need to improve coordination?

ANSWER: The Safety Board has not specifically evaluated this situation since the CAB sunset. However, we believe that the Office of the Secretary is providing the FAA data on initial economic fitness reviews which it conducts. At the same time, however, it is not clear whether the FAA is doing anything with this data, specially since the FAA has never officially recognized the relationship between safety and economic fitness. Likewise there is no evidence that there is any regular dialogue or exchange of data between the FAA and OST, which the FAA after the initial economic fitness review could use to manage its surveillance program.

Although we have not corresponded with Secretary Dole and Administrator Engen regarding this matter, we have requested a meeting with both respective staffs in order to obtain more data.

FAA Participation in Accident Investigations

SENATOR ANDREWS: Has FAA ensured that an inspector participates in each Board investigation? Do they go to the accident scene with the Board investigators? If not, what level of participation currently exists, and how should it be improved?

ANSWER: At least one FAA inspector is assigned to every major accident that the Board investigates with a team from Washington. More FAA inspectors may be assigned to participate in the investigation depending on the severity or complexity of the accident.

During Calendar Year 1984 and up to the present, the FAA has participated in approximately 70 percent of the Board's field accident investigations with either a maintenance or operations inspector.

At times the FAA will inform the Board's investigator that workload will not permit on-scene participation and request that investigative information be furnished to the local FAA facility. While we comply with such requests, the Board believes that there should be 100 percent FAA representation in our accident investigations. For one thing we are not convinced that resource problems are the real reasons for non-participation. Secondly, we believe that on-scene participation in all field investigations is one of the best ways for the FAA inspectors to understand the real-world safety problems which exist.

One possible solution would be FAA implementation of a policy that their inspectors at least show up at the on-scene phase of the investigation, even if total on-scene participation is not possible.

Instrument Flight Rule (IFR) Helicopter Capability

SENATOR ANDREWS: We understand that the Federal Aviation Administration (FAA) has never promulgated design standards and criteria for Instrument Flight Rule (IFR) helicopter approaches at heliports. There are currently over 4,000 heliports in the United States of which none are IFR certificated. Has the Board looked into this area in view of increasing use of helicopters in congested areas?

ANSWER: The FAA originally conducted their helicopter terminal instrument operations from a closed out STOL runway at the technical center in Atlantic City, New Jersey. Due to surface crumbling which created flying debris from rotor wash, the FAA constructed a 150 sq. ft. pad at the end of one of the runways. This site was selected because of the availability of electrical power and its proximity to the municipal air terminal.

One problem with this location, however, is that as a helicopter flies a 354 degree approach to the existing pad, it flies between and very close to the main terminal on the right and the National Guard ramp on the left. In addition, simulated missed approaches must be conducted "straight-ahead" in which the helicopter crosses two operational runways. The setup severely restricts the FAA's evaluation of new approach procedures utilizing variable MLS (microwave landing system) approaches and turning missed approach procedures.

For example, they currently are conducting and evaluating an IFR approach procedure for the helipad located on Wall Street in New York City. The proposed missed approach procedure is a climbing right hand turn to track outbound along the Brooklyn shoreline. They are unable to simulate these procedures at its existing facility at Atlantic City because of the "straight-ahead" limitation and the inability to track aircraft below 150 feet AGL (above ground level).

The FAA has therefore proposed establishing a new pad in a wide open space on the north side of the airport. This would provide them a capability to vary MLS sightings in order to optimize a MLS sighting for each future IFR helipad. They would also be able to evaluate odd-ball MLS sighting that users would propose to the FAA. They could also conduct and evaluate simultaneous parallel approaches as well as turning missed approach procedures. Finally, they would be able to track and record aircraft flight profiles down to the surface vice their current 150 feet AGL limitation.

Wind Shear

SENATOR ANDREWS: Your statement stresses the need for pilot training to avoid and deal with "wind shear." Is FAA embarked upon revised and updated pilot training standards?

ANSWER: Yes. FAA has entered into the initial phases of a contract (\$900,000) with a joint venture industry group composed of the Boeing Commercial Airplane Company, United Air Lines, Douglas Aircraft Company, and Lockheed-California Company to develop a

standard training syllabus for wind shear which would include simulator models, video presentations and flight procedures. This effort has the support of the Air Transport Association.

SENATOR ANDREWS: Does the Board's emphasis on pilot training indicate either that wind shear detection methods are satisfactorily being addressed by the FAA, or has the Board resigned itself to the difficulty of wind shear prediction?

ANSWER: The Safety Board believes that the FAA has responded positively to its wind-shear safety recommendations and has initiated a comprehensive research and development program. However, the benefits of this research and development have not yet been realized.

In view of the importance of this issue the Safety Board has adopted recently a formal safety objective project plan, titled Detection and Avoidance of the Aviation Wind Shear Hazard. The objective of this project is for the Safety Board to play an active role in monitoring the FAA's progress in implementing the initiatives which address the detection and avoidance of wind shear. If the FAA resources and funding committed to these efforts are reduced or withdrawn, the Safety Board will escalate its efforts and bring this to the attention of the appropriate Congressional committees.

Unreported Aviation Incidents

SENATOR ANDREWS: The Aviation Consumer Action Project (ACAP) has written Secretary Dole about underreporting of near misses. The Board last year indicated it had uncovered instances of unreported operational errors. Has FAA improved its system for positive identification of less-than-standard separation incidents?

ANSWER: The FAA has continued to improve its reporting capability for air traffic control operational errors. With the advent of the "Operational Error Detection Program," (OEO), the reporting of such incidents has been greatly enhanced. System integration began in July 1983 at the Salt Lake Air Route Traffic Control Center (ARTCC) and was completed throughout all 20 ARTCCs with the installation at New York ARTCC in July 1984. For terminal facilities, testing has recently begun at Dayton Tower, Ohio. The projected date for operational use at Dayton only is June 1985. Other terminal facilities will then follow based on the complexity of adapting the computerized program to local operations and configurations.

Air Traffic Controllers

SENATOR ANDREWS: Update for the record the status of the four Board recommendations on the Air Traffic Control System listed last year as "Open -- Unacceptable Action." (A-81-145; 147; 156; and 159).

ANSWER: The present status is as follows:

A-81-145	Open -- Unacceptable Action
A-81-147	Open -- Unacceptable Action
A-81-156	Open - Unacceptable Action
A-81-159	Closed -- Acceptable Alternate Action

SENATOR ANDREWS: What is the Board's assessment of the adequacy of a 14,306 controller workforce? When will FAA reach the

proper balance of trainees and full performance level controllers to handle peak loads?

ANSWER: The Safety Board has not recently made a specific assessment of FAA's total controller workforce. The Board is aware that the 1985 year end controller workforce total is targeted at 14,408, some 3,000 fewer control personnel than prestrike totals. The Safety Board does, however, assess controller workforce and staffing levels on an individual facility basis during the course of our accident/incident investigations. In one particular investigation of an air traffic control operational error that occurred on May 9, 1984 near Phillipsburg, Pennsylvania the Board determined that the staffing of a particular sector within the Washington Air Route Traffic Control Center (ARTCC) was a causal factor in the error. As a result of this investigation, the Safety Board issued several safety recommendations to the FAA regarding staffing and workforce standards at the facility.

Prior to the August 1981 controller strike, the total controller workforce in the en route and tower operations was 16,287. Of this total, 8,754 were assigned to the tower operations of which 87 percent were at the FPL level. Within the en route operation, 7,533 personnel were assigned of which 75 percent were at the FPL level. As of February 28, 1985 the combined total controller workforce for en route and terminal was 12,309. Of this total, 6,645 were assigned to the tower operation of which 73 percent were at the FPL level. Within the en route operations, 5,664 personnel were assigned of which 52 percent were at the FPL level.

The Safety Board has not evaluated the overall strength and experience level of the controller workforce in comparison with peak (traffic) loading. However, the Board does monitor controller skill levels versus workload levels on an individual facility basis during the course of accident/incident investigations.

Rail Investigative Resources

SENATOR ANDREWS: Your statement includes the following:

"An unusual number of ... accidents ... has tested the capacity of our newly rebuilt rail investigation program." Is the Board in a "reactive posture" with regard to staffing rail investigations? If so, why are twenty staff years continued for the rail area in FY 1986 despite Congress' addition of 20 positions in FY 1985?

ANSWER: The Safety Board is staffed in all modes of transportation to react to accidents whenever they occur. Given the level of resources assigned to the agency, each of our investigators and technical support specialists is almost always working on more than one accident at a time.

When several accidents happen within a short time frame, our resources can get stretched very thin. This situation is exactly what happened this past year in the rail mode and was the reason for the statement you reference.

Last year in our 1985 budget justification we indicated that, the \$20,845,000 level included in the President's budget would only support 320 FTE positions, which was actually 13 FTE positions less than where we expected to be at the end of fiscal year 1984. It should be noted, however, as shown on page 53 of our budget justification, that our actual end of year FTE for fiscal year 1984 was 331, not 334. Fortunately, the Committee increased our

appropriation so that we were able to support 340 FTE positions. Consequently, we have rebuilt to that level which is where we expect to be at the end of this year.

However, none of the six positions added were added to the rail program. At the 340 FTE level we will have 20 FTE positions devoted to the rail activities, which is the same number that we had at the 333 FTE level.

It should be remembered that the distribution of FTE positions shown on page 54 of this year's budget and page 70 of last year's budget is based on positions not people on board. In other words it does not reflect temporary loss of resources due to attrition and subsequent delays in refilling. On the other hand, the workload data shown on pages 53 and 5 respectively reflect actual on board levels, not positions. This explains why the rail field investigation output increased from 173 in fiscal year 1984 to 250 this year, even though the authorized positions remained identical.

SENATOR ANDREWS: Were last summer's Amtrak accidents the result of inherent personnel or training deficiencies?

ANSWER: The derailment in Philadelphia, Pennsylvania on June 8, 1984 and the collision at Queens, New York on July 23, 1984 do indicate personnel and training deficiencies. Connellsville, Pennsylvania and Essex Junction, Vermont were weather related and involved the lack of obtaining adequate weather information by the contract railroads in order to call out appropriate track inspections. Several other accidents during the summer involving Amtrak occurred at grade crossings where vehicles drove in front of the oncoming train. These were a combination of driver error and crossing sight distance problems.

SENATOR ANDREWS: In the case of the Vermont accident, were sufficient track investigations conducted by the owning railroad?

ANSWER: Because the owning railroad (Vermont Central) was unaware of any serious weather problems no track inspections were made before the 7:00 a.m. derailment. The crewmembers involved in the accident were the same crew which had made a southbound trip through the area about 11:00 p.m. the previous night. No exceptions were taken and the washout apparently occurred several hours later. Better gathering of weather information is an issue in the accident.

SENATOR ANDREWS: In the wake of last year's accidents, does the Board feel that Amtrak has thorough control over its operations to insure safety?

ANSWER: In general the Board believes Amtrak has good control over its operations to insure safety. They have improved their weather gathering capability and are seeking this capability on their contract railroads. Training of employees and observance of operations are areas Amtrak is constantly trying to improve. Many safety improvements have been initiated by Amtrak over the past several years.

Grade Crossings

SENATOR ANDREWS: The Federal Highway Administration provides nationally \$190 million each year to improve rail-highway grade

crossings. Is this program mismanaged by the states? What recommendations has the Board made to FHWA to improve their grade crossing program?

ANSWER: The Board is not aware of any mismanagement of the rail-highway grade crossing program funded by the Federal Highway Administration (FHWA). On the contrary, this is one of the most effective safety programs funded by the Federal Government. This improvement program, along with Operation Lifesaver, is credited with cutting fatalities at grade crossings almost in half from 1977 to 1983. However, in 1984 accidents and fatalities started to increase, which indicates that efforts must be continued to reduce these accidents.

The Board has issued nine safety recommendations related directly to the FHWA railroad/highway grade crossing programs, six of which have been closed with some acceptable action indicated. Of the six closed recommendations, five are design-related and one is concerned with FHWA participation in Operation Lifesaver activities. The three open safety recommendations address crossing design and marking features.

The Safety Board has two initiatives underway to enhance railroad grade crossing safety: a review of grade crossing accidents investigated by the Board in CY 1983 and 1984 (18 accidents), and a grade crossing accident field investigation program/study to focus on passenger/commuter train grade crossing collisions with motor vehicles; this program commenced on January 1, 1985.

The review of the 18 accidents (seven involving Amtrak trains) investigated by the Safety Board in 1983 and 1984 has highlighted some issues of interest: hang-up of heavy trucks on crossings and the need to route them over improved crossings; booby-trapped crossings (where visibility, sight distance, or other sight obstructions played a pivotal role in the collisions); and oversped by train crews. The Safety Board will review audibility problems at grade crossings, the impact of Operation Lifesaver programs, and other issues as may be relevant.

The Board will complete the review of 1983 and 1984 accidents in early 1985. The passenger/commuter train investigation program and resulting study is expected to be completed in late 1985. To date (2-22-85) the Board is investigating 21 accidents of 34 reported under this program. It is possible that additional recommendations will result from these programs.

SENATOR ANDREWS: Congress annually considers funding for a specialized rail/highway relocation effort in 19 locations. What review has the Board conducted of these locales, and the safety benefit from track or highway relocation?

ANSWER: The Board has not reviewed specialized rail/highway relocation programs. The Board believes that safety benefit derives from the separation of track and highway. However, the high cost of each separation makes this approach only feasible in very special situations. Consequently, the Board has long supported the use of comprehensive risk criteria to set priorities for such projects.

Federal Railroad Administration
Rulemaking on Substance Abuse

SENATOR ANDREWS: Your statement discusses Federal Railroad Administration's (FRA's) rulemaking on alcohol and drug abuse by railroad crewmembers. When will the final rulemaking be published?

ANSWER: The Board had hoped that the final rulemaking would have been issued in January 1, 1985. We do not know when the Federal Railroad Administration will issue the final rule. The latest date we have heard discussed is April 1, 1985. The Board is concerned that the final rule has not yet been issued by FRA, and that FRA's resolve in addressing this serious safety problem may be eroding or weakening. The Board believes that the action FRA has publicly promised to take should be taken without further delay.

SENATOR ANDREWS: Does the Board feel that the direction taken by FRA in its Notice of Rulemaking will be adequate to alleviate this problem?

ANSWER: While the Board supports the concept of FRA's proposed rule, we believe certain technical improvements need to be made to it. On August 2, 1984 the Board testified before the FRA in Washington, D. C. on FRA's proposed rule and suggested changes to improve it. Formal written comments were provided to FRA on August 15, 1984. In summary, the Board proposed the following technical improvements to the rule:

- all employees directly involved in an accident should be covered by the rule;
- specific reference should be made to the fact that marijuana is a controlled substance as defined by 21 U.S.C. 802;
- the rule should not convey the message that a blood alcohol level, such as 0.05 percent, in an operator is permissible for safe operation of a train;
- testing for marijuana use must be based on a reliable blood analysis for THC and its metabolites;
- post-accident toxicological testing of railroad employees involved in rail-highway grade crossing accidents should not be excluded;
- railroad employees who refuse to be tested under the proposed rule should be terminated from railroad employment.

The Safety Board believes that FRA's proposed rule, when finally promulgated, will begin to provide the positive measures that will begin to control the use of alcohol and drugs in railroad operations. However, the rule will only be a start in the right direction.

Track Inspection

SENATOR ANDREWS: FRA and the Association of American Railroads both operate track inspection vehicles. Has the Board monitored the frequency and scope of these inspections relative to the risk of derailments?

ANSWER: The Board has monitored the FRA activities in this area and has urged the FRA to undertake actions to minimize the risk of derailments.

Since 1969, the Board has investigated seven major railroad accidents caused by track failure under dynamic loads and involving track geometry parameters such as gauge, profile, alignment and

crosslevel not being maintained to the minimum standards set by the Federal Railroad Administration (FRA). These accidents resulted in 12 deaths, 349 injuries, and property damage of more than \$4.6 million. Additionally, from January 1978 through December 1983, the Board completed 181 field investigations of accidents in which track was not maintained to design standards. These accidents resulted in eight fatalities, 170 injuries, and estimated railroad property damage exceeding \$63.1 million.

Accident statistics reported by the railroad industry to the FRA reveal that improper track geometry caused about 19 percent of all railroad accidents from 1978 until 1983 -- the single greatest cause of train accidents during the last five years. Nearly 99 percent of the accidents caused by improper track geometry result in a derailment. During 1981, 1982 and 1983, railroads reported to the FRA property damage losses of greater than \$90 million from accidents caused by improper track geometry. Further, in 1981, 1982 and 1983, about 277 consists carrying hazardous materials were involved in train accidents caused by defects in track geometry.

Although the Association of American Railroads does not operate inspection vehicles, 14 of its member railroads have automated track inspection vehicles. The Board believes that all large railroads should have this capability and that FRA's efforts in evaluating and monitoring Amtrak and hazard materials routes should be systematically undertaken.

Because of the Board's concern, on March 6, 1985 the following safety recommendations were issued to the FRA:

Develop and implement a national track inspection program which requires railroad companies to use automated track geometry measurement systems in an on-going, systematic program of inspection of all routes emphasizing initially routes regularly travelled by trains carrying either hazardous materials or passengers.

Increase the use of automated track geometry inspections in its evaluations of railroad track systems and integrate the results of automated track geometry inspections into regional surveillance and enforcement programs, emphasizing initially routes regularly travelled by trains carrying either hazardous materials or passengers.

SENATOR ANDREWS: Has the Board reached any conclusions regarding FRA's impact on the efforts of railroads in measuring track geometry?

ANSWER: The FRA has had an impact as 14 major railroad system(s) including Amtrak now utilize automated track inspection measurement systems. However, the Board believes that the FRA could further improve railroad safety by developing and implementing a national track inspection program which requires railroad companies to use automated track geometry measurement systems on an on-going, systematic program of inspection of all routes emphasizing initially routes regularly travelled by trains carrying either hazardous materials or passengers.

Transit Safety

SENATOR ANDREWS: Your statement calls the level of the Board's work in the area of New York transit fire risk

"unprecedented" and the subject itself the "potential for a catastrophic loss of life." Yet, the Board's report will not be complete until later this year. Why can't your recommendations be made sooner in such a vital safety area?

ANSWER: The NYCTA special investigation conducted by the Safety Board was the largest and most extensive investigation undertaken in a surface mode. The field phase of the investigation examined track, electrical equipment, car equipment, train operations, emergency response and data collection since those areas impact fire safety on the NYCTA. In addition to the NTSB personnel involved there were representatives from the NYCTA, NYSPTS, Westinghouse Electric Company, General Electric, NYFD, Emergency Medical Services and the Transport Workers Union.

The Safety Board has been preparing recommendations in connection with the investigation which should be issued by the end of March. The report, which will be completed about June of this year, addresses long term and more costly improvements.

SENATOR ANDREWS: The justification (p. 9) catalogs New York City Transit Authority fires: 4,030 confirmed fires from January to September 1984, of which 676 were responded to by the Fire Department as major. What steps has the New York City Transit Authority taken to improve safety? What safety recommendations need to be made to other transit systems?

ANSWER: Following the field phase of the Safety Board's investigation, the NYCTA and NYFD met and agreed to several joint efforts to improve the fire situation on the subway system. The meeting addressed the reporting of fires to the NYFD, the need for cooperation and coordination between the NYFD and the NYCTA, granting the NYFD greater inspection authority, and requiring NYCTA compliance with certain NYFD regulations.

At this time we have not identified any additional recommendations which should be addressed to other systems.

SENATOR ANDREWS: Is "materials selection" the only transit fire safety area in which Urban Mass Transportation Administration (UMTA) has promulgated non-regulatory guidance? Has the Board corresponded with Secretary Dole regarding UMTA's interpretation of its safety oversight responsibility under Section 22? If not, why not since safety is the Department's highest priority?

ANSWER: At the present time "materials selection" is the only UMTA guideline issued for the rail rapid transit industry. However, UMTA is preparing guidelines for emergency procedures for rail rapid transit systems, and hopes to have them available for distribution in the near future.

On May 4, 1984 the Safety Board conducted a public hearing in connection with a derailment on the New York City Transit Authority on March 17, 1984. An UMTA witness, when questioned if UMTA had a safety oversight role in rail rapid transit, replied "We have an oversight role in terms of trying to provide maximum safety, generic safety that can be used by all transit systems. But we don't get involved in the operation, the safety operation of transit system. That's left to the local transit authorities." When further questioned on safety oversight regarding investigative authority that goes with Section 22 authority, he replied "no."

The Safety Board presently is reviewing the role of UMTA in the safety oversight role and also what safety requirements it

should place on funding of projects. The Board has corresponded with the Secretary of DOT on this matter and her response was the same as the testimony received at the public hearing.

Child Safety Seats

SENATOR ANDREWS: Should the Committee conclude that federal efforts in the child safety seat arena are misdirected or inadequate, in view of your statement that "a large percentage of parents either do not use child seats at all or use them improperly"?

ANSWER: No. Federal efforts have contributed to increased use of child restraints.

The Safety Board is very pleased with the rapid passage of state laws requiring the use of child restraints. Today, every state and the District of Columbia has child passenger protection legislation. Three years ago, 31 states were without such legislation. Federal efforts to raise public awareness of the need for child restraints via public campaigns and loaner programs no doubt helped to pass these laws.

Although it is too soon to measure the effectiveness of child restraint legislation (many state laws are just going into effect), during the period of legislative activity, the use of child safety seats among child passengers under five has increased. In 1982, slightly more than 40 percent of infants (younger than one year) were in safety seats; in 1983 the percent had risen to more than 60 percent, and the most recent figures from DOT show about 69 percent usage for infants. Similar increases have been recorded for toddlers: in 1982, only 19 percent were in safety seats, while in 1983, nearly 38 percent were; the most recent figures show 47 percent usage for this age group.

The Safety Board would like to see these use rates increase until at least 80 percent of child passengers under five ride in approved, properly used child restraints (the phrase "properly" is crucial).

The Safety Board is concerned that many of the children now riding in child safety seats are not receiving the full safety benefit of the seat. DOT sponsored surveys have found up to 70 percent of the seats in use are improperly installed or otherwise misused. NTSB found in its 1983 safety study on child passenger protection that safety seats, even when misused, afforded children considerable protection during a crash, but remain concerned that certain kinds of misuse (i.e. failure to use the harness or to attach the child restraint to the vehicle seat) may result in unnecessary death or injury. Additional efforts will be needed to address this problem.

SENATOR ANDREWS: What recommendation to NHTSA emanated from Vice Chairman Goldman's symposium?

ANSWER: To date, the Safety Board has not yet issued any safety recommendations as a result of the Child Passenger Safety Symposium held January 28, 1985. A symposium report is being prepared; safety recommendations, if any, will be issued later.

Seat Belt Program

SENATOR ANDREWS: The National Highway Traffic Safety Administration (NHTSA) has not concluded its review of the

mandatory use laws passed by New York, New Jersey and Illinois. In the meantime, NHTSA seeks funding to escalate the occupant restraint education process and encourage state laws requiring their use. Are state use laws the best way to increase occupant protection? Has the Board reviewed either NHTSA's "model" law, or those enacted in the three states for effectiveness? If so, what are the Board's conclusions?

ANSWER: The Safety Board has been and is strongly supportive of all effective means of increasing the use of seatbelts in order to protect motorists from injury and death in crashes. We are encouraged by the strong gains that have been made in the rates of use of child restraint systems as more and more states have passed laws requiring their use. Although the Board has not taken an official position of DOT's regulatory decision regarding the passive protection requirements of FMVSS 208, my own personal view is that if the states would pass seat belt use laws and provide the level of enforcement that could result in high use rates, many, many lives would be saved each day and many more serious injuries prevented. I am concerned, however, that NHTSA's guidelines do not spell out the need for the vigorous enforcement that will apparently be required to obtain high use rates necessary to achieve really significant reductions in fatalities and serious injuries.

While it is still too early to tell, I am not convinced that a sufficient number of states will pass use laws meeting the DOT's criteria (only two have done so thus far); in the end, therefore, I expect to see passive restraints and (in many states) belt use laws.

We have reviewed the four mandatory use laws now in existence (New York, New Jersey, Michigan, and Illinois) and are following closely the debate over seatbelt legislation in the many states now considering them. It is too early to comment on the effectiveness of the new laws.

Bhopal, India and MIC Recommendations

SENATOR ANDREWS: The Research and Special Programs Administrator testified last week that: 1) a notice of proposed rulemaking on cargo tanks used in the transportation of hazardous materials will be issued May 1985; and 2) an emergency rule on performance-oriented packaging standards was issued in January 1985. Do these actions fully respond to the Board's December 19, 1984 letter regarding the Bhopal, India experience with MIC?

ANSWER: We know of no emergency rule issued in January 1985 by the Research and Special Programs Administration (RSPA) on the subject of performance-oriented standards. Concerning the proposed standards for cargo tanks, this proposal will not be available to the Safety Board for review until it is issued and printed in the Federal Register.

The RSPA did issue on February 4, 1985, on a non-emergency basis, a proposed rule, "Packaging and Placarding Requirements for Liquids Toxic by Inhalation." This proposal was in direct response to our December 19, 1985 letter to RSPA. After review of the proposal, it is obvious that only a portion of the concerns raised in our December 19, 1984 letter have been addressed. The Safety Board has general concern about the many toxic materials excluded by this proposal, the fact that this hazard identification process is not integrated into the present system, the scientific basis for the proposed standard, and the proposed exemption clause.

We will supply you with a copy of our response to the NPRM as soon as it is approved.

Mianus Bridge

SENATOR ANDREWS: The Board's conclusions about the cause of the June 1983 Mianus River Bridge collapse are at odds with a recent report conducted by ZETLIN-ARGO Structural Investigations, which stated that inspections could not have prevented the collapse of the structurally-deficient bridge. Has the Board reassessed its position that deficiencies in the State's bridge inspection and maintenance programs were to blame?

ANSWER: The bridge was designed in accordance with acceptable standards of the day. The movement which resulted in the collapse of the bridge should have been detected during the State's biennial bridge inspection regardless of the design details or actual forces acting on this bridge.

The State of Connecticut has informally requested the Safety Board to reconsider its findings and probable cause concerning this accident. The Safety Board has informed the State of the necessary procedures to petition for reconsideration in accordance with 49 CFR 845. The Safety Board will withhold comments on their report findings until the formal petition is received.

SENATOR ANDREWS: The justification states that 18 of 28 Board recommendations have been responded to: what continuing followup is necessary for improved nationwide bridge safety?

ANSWER: As a normal practice, the Safety Board will consider the reclassification of any outstanding recommendations as new information is made available which indicates that the recipient has met the intent of the original recommendation. The Safety Board is also awaiting the completion of the DOT Inspector General's review of the FHWA audit concerning the Bridge Inspection Standards. The review will identify program shortcomings and make recommendations to improve the State's compliance with National Bridge Inspection Standards. This information will assist the Safety Board in determining if the FHWA should initiate additional followup action to improve bridge safety.

Unconventional Vessels

SENATOR ANDREWS: Your statement indicates that the Board has repeatedly urged the Coast Guard to promulgate mobile oil drilling unit personnel standards, since these "unconventional vessels" are subject to the same hazards as ocean-going vessels. In view of the 178 lives lost in this type accident, what reasons does the Coast Guard provide for not covering this category of vessel?

ANSWER: Since 1980, the U.S. Coast Guard has stated that they concur with the Safety Board recommendations to set manning and qualification standards for these "unconventional vessels" but, as of this date, the U.S. Coast Guard has yet to promulgate such regulations.

In 1978, the U.S. Coast Guard completed a two-year study, "Report No. CG-0-76-78, Functional Job Analysis of Mobile Offshore Drilling Unit Operations, Vols. I through III." The U.S. Coast Guard has yet to address manning regulations, except to specify the number and qualifications of lifeboatmen and to require that the

owner must designate an individual to be master or person-in-charge. It is still revising its proposed requirements for personnel qualifications.

SENATOR ANDREWS: When was the DOT Secretary requested by the Board to direct the Commandant to promulgate standards, and what was the Secretary's reply?

ANSWER: The Safety Board made its safety recommendation to the Secretary of Transportation regarding personnel standards for "unconventional vessels" on November 21, 1984. We have yet to receive a reply.

Boating-While-Intoxicated Legislation

SENATOR ANDREWS: What states may introduce legislation this year to clearly define blood alcohol levels for intoxication while boating?

ANSWER: The Board believes that the following 20 states and the District of Columbia are planning or considering legislative initiatives in 1985: Alabama, Colorado, Connecticut, District of Columbia, Idaho, Illinois, Maine, Massachusetts, Minnesota, Missouri, Montana, New Hampshire, New Jersey, New York, North Carolina, Ohio, Tennessee, Vermont, Virginia, West Virginia and Wisconsin.

SENATOR ANDREWS: The justification (p. 15) indicates that the Coast Guard "will urge" state adoption of boating accident investigations to facilitate more uniform reporting, and thus better statistics. Why does not the Coast Guard require such reporting now, especially since their six percent alcohol involvement estimate is generally considered understated?

ANSWER: The Coast Guard has actions underway to require reporting of alcohol involvement. We do not know why the Coast Guard has not required such reporting in the past.

The Board did recommend on October 7, 1983 to the United States Coast Guard:

In coordination with the National Association of State Boating Law Administrators, revise the boating accident report form to include a specific accident causal entry for alcohol involvement in recreational boating accidents.

The Coast Guard has agreed to undertake, in conjunction with the National Association of State Boating Law Administrators, a review of the boating report form to determine ways of including data elements that indicate alcohol involvement in recreational boating accidents.

Aviation Safety Analysis System (ASAS)

SENATOR ANDREWS: Why does the Board assume that FAA's Aviation Safety Analysis System (ASAS) service difficulty reporting program will be implemented by May 1, 1985?

ANSWER: On March 29, 1984 the NTSB issued Safety Recommendation A-84-8 to the FAA following the Board's investigation of the three engine flameout of Eastern Airlines Inc. flight 855 on May 5, 1983 (the flight of a Lockheed L-1011 from Miami to Nassau), which recommended that the FAA:

Provide FAA air carrier inspectors for use in their surveillance activities failure trend

information based on airline maintenance data which have been reported by airlines, and analyzed and ranked by FAA for their significant on flight safety.

On July 23, 1984 FAA Administrator Engen responded as follows:

As you are aware, the Federal Aviation Administration (FAA) has in existence a Service Difficulty Program (SDR) which centrally stores data using automated data equipment. The FAA is now developing a service difficulty reporting program under the Aviation Safety Analysis System (ASAS), which will improve our data gathering, trend forecasting, and communicating capabilities. We believe this program will provide FAA aviation safety inspectors with flight safety and failure trend information which will be useful during surveillance activities. This program will be fully implemented in FAA Headquarters, regional and field facilities by May 1, 1985.

Recent communications with the FAA's ASAS coordinator indicate that beginning in May 1985 the FAA's Service Difficulty Reporting System (SDR) will be available to users, inside and outside the federal government, on an on-line, interactive basis through United Information Systems, a commercial time-sharing computer service in Kansas City. However, the SDR system itself will remain unchanged for now. The system continues to be flawed from the inadequate quality control of the data stored in the system, the absence of exposure data with which to normalize the frequency of failures (precluding the ability to perform failure trend analysis) and many other problems.

The FAA is still reviewing the public comments it received from the request for comments on the SDR system which it published in the Federal Register last year. According to the FAA, after completing its review and analysis of the comments, it will begin to implement an improved SDR system.

SENATOR ANDREWS: How soon will the Board and FAA have a common aviation accident data base?

ANSWER: The Safety Board and the FAA have been discussing a common aviation accident data base since the early 1980's, when the Board began revising its aviation accident data base (which included developing new data collection forms). In January 1982, the Board began using a revised accident data collection form (after a year of discussions with the FAA); the FAA did not begin to use the form until October 1982. The Board and the FAA then agreed to review the new form and revise it after a short period of use in the field. During this period of use the FAA performed a lengthy internal analysis of its needs and requirements for accident data. In January 1983, following completion of the FAA's needs assessment and agreement by the Board and the FAA on content and format, the newly revised data collection forms were put into use. At that time, efforts to reach a consensus on the design of a common accident data base were intensified.

In the spring of 1984, a joint NTSB/FAA task force report which identified and addressed the basic issues in the design and implementation of the common data base was completed; an agreement initiating the process was signed by NTSB Chairman Burnett and acting FAA Administrator Fenello. This report and agreement described several phases in the process of designing and

implementing the common data base. Among the steps called for in Phase I was the initiation of direct communication between the NTSB and FAA computers with paralleling processing of accident data to evaluate the timeliness and accuracy of the data and the reliability of the communications link.

Shortly after the agreement was signed the Safety Board provided the FAA with a substantial amount of documentation on the Board's data system as well as the necessary information to communicate with our computer. The FAA is now about to complete the initial step of accessing the Board's data base with one of their computer terminals.

However, further delay has been introduced, because of a policy requirement that another requirements or needs assessment be performed on all major elements of the ASAS program. Further steps toward implementation of the common data base awaits FAA completion of this additional requirements assessment. FAA has indicated to the Board that this step should be completed within the next six months. Based on the progress made to date, it is not likely that full implementation will occur very soon.

Employment Reductions

SENATOR ANDREWS: The budget request for FY 1986 reflects a reduction of six positions, two in the Office of General Counsel and four from the Office of Administrative Law Judges. What impact on safety will result from the Office of Administrative Law Judges? What impact on safety will result from this reduction? What case backlogs exist currently and what is estimated to be the backlog level in FY 1986? What management improvements will be undertaken to offset increased case backlog?

ANSWER: The Administrative Law Judge (ALJ) program can be considered an integral element of the FAA's enforcement actions. However, the primary impact will be to delay final administrative actions on FAA enforcement actions which are appealed. Therefore any safety impact is rather indirect.

As of the end of Fiscal Year 1984 there were 254 cases pending before the Administrative Law Judges.

If we are unable to realize additional efficiencies through management improvements we estimate that the backlog will grow to 346 in Fiscal Year 1986 and 438 in 1987.

Two management improvements will be employed. First, the Judges will be directed to conduct more hearings in one location by requiring respondents/petitioners to travel greater distances to the hearing location. This should improve productivity and save some travel monies.

Secondly, we will establish specific priorities so that the cases which have the most potential safety impact will be handled first.

Aviation Accident Investigation School

SENATOR ANDREWS: What was the cost to establish the Aviation Accident Investigation School at Oklahoma City to train Board employees on investigation techniques? Is this school co-located at the FAA facility? Did FAA cost share; if so, in what amount?

ANSWER: The total cost for the school this Fiscal Year is \$166,000. \$35,000 went for operational expenses such as fees for

non-NTSB instructors and administrative requirements such as books and supplies. \$65,000 was for travel/per diem expenses for NTSB instructors and another \$65,000 for NTSB students.

This is based on three formal classes and one abbreviated dry run prototype course during the development stage.

SENATOR ANDREWS: How many Board and non-Board personnel will be trained annually? Will non-Board personnel training be reimbursed by their state, local or industry employees? If not, why not?

ANSWER: Approximately 45 Board employees and 15 non-Board personnel will be trained this year. In Fiscal Year 1986 we expect the participation of non-NTSB personnel to increase to about 40 and 40 respectively.

Non-Board participants are required to reimburse the Board for their training and the monies are used to offset charges to the Board by the Transportation Safety Institute. The only exception to date is that we allowed two FAA employees to participate free.

Accounting Systems

SENATOR ANDREWS: The Board's accounting system is cited as a FY 1984 accomplishment. Why, then, is an automated integrated accounting, procurement and inventory system described as a management initiative for the future? What has been spent to date on upgrading the accounting system and what yearly costs are projected for future improvements?

ANSWER: Currently, the automated accounting system and non-automated procurement operation are two separate entities, wholly independent of each other. The Safety Board's goal is to automate the contracting/procurement operation and integrate the obligation of funds to the automated accounting system. This would reduce the intensively manual function of typing purchase orders and then rekeying the same information into the accounting system. This new integrated approach will increase the overall efficiency of operations and add to the internal control of funds.

Since FY 1983, the following costs were incurred to upgrade and maintain the automated accounting system:

1. Programming support/maintenance of 10 hours per month (\$32 per hour) for FY 1983 and FY 1984. \$3,840
2. Major revision of all financial reports and statements including the system generation of the SF-133, Report on Budget Execution, and the SD-225, Report on Obligations. Additional internal controls were implemented which established upfront validation/edit checks on all data being input to the accounting system. \$6,600
3. System documentation prepared by consultants. \$3,000
4. Automated the typing of the SF-1166, Schedule of Transactions for issuance of checks by Treasury. \$4,000

The above \$17,440 has been spent over the past two years to enhance the accounting operation. This initial investment has been recouped several times over through increased employee performance, increased accuracy and currency of financial statements, and added

control over funds. This system has been recognized by the Office of Management and Budget as one of the most efficient accounting systems in the Washington area capable of providing services to other small agencies on a time sharing basis.

Obligations

SENATOR ANDREWS: A comparison of estimated obligations for fiscal year 1985 in this year's justification and last suggests a significant realignment of "Administration" costs. Yet the actual and estimated FY 1984 and 1985 obligation classifications show little change in transportation of persons, printing, and supplies. How were Administrative costs reduced?

ANSWER: The realignment of "Administration" costs was made to more accurately reflect total costs of the various Board programs. Costs to cover common services such as payroll, automated personnel management information system, data processing, printing, pagers, copying, and equipment maintenance as well as the cost of investigative and office supplies, and similar agency-wide expenses have now been included in the total costs for the individual Board programs. Previously, these agency-wide costs were charged to the Bureau of Administration. Since these costs have only been realigned, the total dollar requirements for the agency as reflected in the object classification summary does not change as a result.

Pay Supplemental

SENATOR ANDREWS: \$199,000 is requested for FY 1985 supplemental pay costs. What rate of absorption is assumed? With "expired accounts" lapsing \$181,000 in FY 1983, and \$305,000 in FY 1984 why can not the entire amount be absorbed?

ANSWER: The requested \$199,000 for FY 1985 pay raise costs assumes 50 percent absorption.

As you noted, the Board returned expired account monies to Treasury in the amounts of \$181,000 in FY 1983 and \$305,000 in FY 1984. These amounts do not represent the amount lapsing in the indicated years (FYs 1983 and 1984, respectively), but instead represent the amount lapsing from all years previous to FY 1983 and 1984. The Board cannot use expired account funds for current year needs such as the cost of a pay raise.

These rather large returns are a result of an internal change in policy aimed at improving cash management at the Safety Board. The change in policy required that all obligations in prior year accounts (expired accounts) be reviewed thoroughly and that unexpended obligation balances be liquidated. This policy provides for better overall cash management of Treasury funds yet still allows the Board to restore expired monies should prior year obligations prove to be valid and bills submitted for payment. Since this policy was not followed in previous years there were large unexpended obligation balances in the Board's expired accounts going back to FY 1980 which required liquidation.

We began this task in FY 1983 and completed it in FY 1984. This is why the funds that were lapsed in expired accounts for these years were so large.

Equipment

SENATOR ANDREWS: Congress provided additional funds in FY 1984 for laboratory equipment. How much of the actual obligations of \$1,053 went toward laboratory improvements? Provide a listing of lab equipment purchased in Both FY 1983 and 1984.

ANSWER: A Safety Board priority always has been to update and modernize its laboratory facilities to ensure that it is able to keep pace with new technologies that are emerging in all modes of transportation. Since 1983, the Board has upgraded its graphics capability and flight data recorder system. A few additional items are planned for acquisition in the near future to complete the Board's implementation plan in these areas. In addition, the updating of the lab's computer system has provided the productivity enhancement vital to keeping up with expanding workload requirements. Also, approximately eighty percent of the Board's plan to upgrade the metallurgical and cockpit voice recorder audio laboratory equipment has been completed. Funds that became available in FY 1983 allowed the acquisition of approximately \$158,000 worth of laboratory equipment. In addition, approximately \$115,000 was spend for laboratory equipment in FY 1984. A listing of the lab equipment purchased in FYs 1983 and 1984 follows.

FY 1983

CRT Terminal
 Camera, recorder, adapter, hardshell case,
 color monitor
 Quanta Microgen Character Generator
 Harris Corporation Time Base Corrector
 Studio Color Monitor and Rack Mounts
 Winsted Console, Bogen Tripod
 EDIT controller and Interface package
 Video Recorder/Editor, light kit, portable
 monitor
 VAS 11/750 Digital Computer
 RA80 Disk Drive and Software
 Digital magnetic tape drives
 Total Amount: \$158,000

FY 1984

BUS Intepreter Assembly (computer hardware)
 Solder Shell plug, block termination tool
 Blackplane (computer software)
 Precision Sound Level Meter
 Double Buffer DMA Interface (VAX)
 Micrometer
 Computer Indexes, Joystick Controller, Dummy
 Load
 Driver Source (computer software)
 MB Disk Drive
 Delay Line/Sampling Filters
 Tandy 2000 microcomputer with high resolution
 graphics monitor
 Bitpad, power supply, four button cursor
 CRT Terminal with printer
 Softare replacement upgrade item
 Microanalysis System
 Tape Transport Diagnostic System
 PEN Block (computer hardware)

Color Graphics Camera System with 16mm
animation camera and 35 mm slide camera
options
Electomet III 70-1730 (computer hardware)
Model 1405 Noise Generator
Distortion Measurement Set Model 339A
Metal cutter, specimen clamp, subject
attachment
8-track magnetic tape drive
Total Amount: \$115,000

Transportation of Things

SENATOR ANDREWS: The object class, "Transportation of things," increases from \$10,000 to \$100,000 in FY 1985 between last year's request and this year's estimate. Please explain.

ANSWER: The original estimate for FY 1985 was based on estimated expenditures for FY 1984 being in the \$10,000 range. However, actual costs for FY 1984 for this area increased dramatically from our original estimates due to unanticipated increases both in the shipment of accident parts and in household goods shipments as part of permanent change of station moves for recently hired or reassigned Board employees. Current expenditures for FY 1985 indicate a similar level will be required this year.

Section 2901 Savings

SENATOR ANDREWS: Section 2901 of the Deficit Reduction Act called for savings in overhead costs (printing, motor vehicles, publishing, public affairs, consultants, and travel). What savings in these areas are reflected in the Board's Fiscal Year 1985 budget? Provide the FY 1984 baseline for these categories provided to OMB, and the OMB passback of Section 2901 savings to be achieved.

ANSWER: Although the Safety Board will continue, as it has in the past, to look for ways to save costs, OMB did not include the Board and other small agencies in its passback of Section 2901 savings to be achieved.

Average Grade

SENATOR ANDREWS: Provide for the record the NTSB average grade for the past three fiscal years, FY 1985 and the goal for FY 1986. How will \$199,000 be saved in FY 1986 from this effort?

ANSWER: Below are the average grade numbers for the Board:

FY 1982	GS/GM-11.85
FY 1983	GS/GM-11.92
FY 1984	GS/GM-11.90
FY 1985	GS/GM-11.85
FY 1986	GS/GM-11.79

Three current management practices are attributable to the current and future reductions in average grade at the Board.

1. The Board has a policy of recruiting employees at the entry level whenever feasible.
2. The Board established a position management plan whereby positions are restructured to assign lower level work from higher graded positions to newly established lower graded

positions. Ten such positions have already been restructured at four grades lower than the journeyman level and more will be restructured in the future as vacancies occur. An example is our GS-9 Aviation Safety Specialists in the field, created from GS-13 positions.

3. The Board established a policy which will assure that promotions are only awarded after demonstrated excellence of performance.

Historically, the Board's personnel costs have increased between 2 and 2.5 percent per year or about \$300,000. This increase is due largely to promotions and within-grade increases but is offset somewhat through replacements hired at lower grades and/or steps.

If the Board were to follow its previous hiring and promotion policies the net increased cost for promotions and within-grade increases would be approximately \$289,000 in FY 1986. However, through implementation of the above-mentioned policies the Board hopes to reduce this increase by approximately two-thirds or \$199,000.

Workload Measures

SENATOR ANDREWS: Congress provided 20 additional full-time equivalent positions in FY 1985. Yet the number of "safety recommendations issued," "public hearings," "rulemaking reviews," and "closed appeals" all decrease relative to last year's original request for FY 1985. Please explain.

ANSWER: The estimates in this year's budget are the most accurate. As you noted, we anticipate several workload measures to be lower in FY 1985 from our original estimate made in August 1983.

- Safety recommendations are likely to be about five percent lower because we are placing more emphasis on quality recommendations. Also, we are sending more and more recommendations directly to the states as opposed to federal agencies and the numbers in the budget do not reflect these multiple addressees.
- Public hearings might be lower in FY 1985 because we started using less costly public deposition services in lieu of public hearings. In addition, we currently have only three Board Members to chair hearings.
- Rulemaking reviews are likely to decrease because the number of rules initiated by the DOT has dropped off.
- Our estimate of a slight decrease (5%) in certificate and license appeals closed is our best estimate at this time, based on the numbers of appeals coming out of the pipeline from the FAA.

However, our major workload items -- major and field accident investigations and safety studies -- all should be up 10 - 13 percent in FY 1985.

It must be remembered that the actual increase in on-board FTE level was from 331 in Fiscal Year 1984 to 340 (estimate) in this fiscal year. Also, as can be seen on page 53 of our budget justification, the workload measures correlate very nicely with the funded FTE employment.

Policy and Direction

SENATOR ANDREWS: Despite the 2-person reduction in FY 1986 for the General Counsel's office, Policy and Direction is still shown with 38 staff years, the same as FY 1985. Provide a breakdown by office (as shown on pg. 716 of House Volume 2) of the positions originally requested, adjustments following the Congressional increase, and FY 1986 distribution. Were additional personnel assigned to Headquarters or the field?

ANSWER: The requested position breakdown follows:

Distribution By Organization

Bureau	FY 1985 Congressional Request	Adjustment for Congressional Increase	FY 1985 Appropriation Level	FY 1986 Adjustment	FY 1986 Current
Policy & Direction	38	2	40	-2	38
Office of Chairman, Vice Chairman, Members	16	0	16	0	16
Office of Managing Director	9	0	9	0	9
Office of Government and Public Affairs	6	1	7	0	7
Office of General Counsel	7	1	8	-2	6
Accident Investigation	153	11	164	0	164
Technology	69	2	71	0	71
Safety Programs	23	3	26	0	26
Administration	28	2	30	0	30
Office of Administrative Law Judges	9	0	9	-4	5
Total	320	20	340	-6	334

Of the additional 20 FTE provided by Congress for FY 1985, six FTE were added to the field staff and the remaining 14 to headquarters.

Travel

SENATOR ANDREWS: Update the travel report shown on page 56 of the Senate hearing, reflecting actual FY 1984 obligations by mode, as well as FY 1985 and 1986 estimates.

ANSWER: The requested Travel Report follows:

TRAVEL COSTS
(\$000)

	<u>FY 1984</u> <u>ACTUAL</u>	<u>FY 1985</u> <u>ESTIMATE</u>	<u>FY 1986</u> <u>ESTIMATE</u>
Aviation	456	509	493
Railroad	173	193	188
Highway	63	71	69
Marine	67	74	72
Pipeline	19	21	21
Hazardous	22	25	24
Materials			
Intermodal	317	354	343
Total	1,117	1,247	1,210
<u>Includes:</u>			
Administrative	62	69	67
Internatl.	49	55	53

Human Performance

SENATOR ANDREWS: Provide an update on the number of persons comprising the human performance staff and their major contributions to FY 1984 and 1985 investigations.

ANSWER: The human performance staff is composed of a human performance division chief, six human performance investigators, one toxicology/fire science specialist and a division secretary.

The major contributions of the human performance staff are: participated in 33 major accident investigations and 13 field investigations.

Developed over 20 safety recommendations in subject areas dealing with:

- Recurrent training for air traffic controllers
- Modifying flight progress strip marking procedures
- Special medical examination of Air Traffic Control personnel who are involved in an operational error
- Use of standardized symbology on approach procedure charts
- Redesign of the ATC audio signal for low altitude alerts so it is distinguished from the conflict alert signal
- Establishing at the Civil Aeromedical Institute the capability to perform state-of-the-art toxicological tests of blood, urine and tissue of operators involved in fatal accidents
- Developing and disseminating to pilots usable guidelines on drug interactions with piloting ability
- Determining the potential effects of both licit and illicit drugs in both therapeutic and abnormal levels on human performance and obtain correlations between toxicological finds of drug levels in blood, urine and other specimens and various behavioral measurements and

assess the effects of various drugs on the specific tasks performed by the operator in all transportation modes

- Taxiway/runway signs being standardized and of sufficient size to enable them to be legible to aircraft crewmembers in all meteorological conditions in which air carrier operations are authorized
- Determining practical methods and means to prevent or minimize dozing at the wheel by drivers of carriers in interstate commerce and advising the Safety Board of the findings
- Providing dedicated means of communication for train operations using standardized terminology for train operations and require that all instructions issued for the operation of trains be in the standardized terminology
- Limiting the duty time of rail attendants (train operators), train controllers and train dispatchers to not more than 12 hours in a 24-hour period and not more than 60 hours in a 7-day week
- Reviewing the adverse effects of automation on pilot performance during flightcrew training
- The use of alcohol and drugs and work/rest cycles in railroad operations
- Flightcrew training in crew coordination and simulation based wind shear encounters.

Prepared an investigation protocol on "The Interpretation of Blood Alcohol Concentrations in Accident Investigation" to assist investigators in determining alcohol involvement in investigated accidents.

Conducted a training course for NTSB Headquarters investigators on Human Performance Investigations.

Acceptance Rate

SENATOR ANDREWS: Update the table showing acceptance rates of Board recommendations by mode. What is the overall rate currently?

ANSWER: The chart below is an update of the acceptance rate table. The current overall acceptance rate for all recommendations issued in all modes for all years is 81.52 percent.

RATE OF ACCEPTANCE OF NTSB RECOMMENDATIONS TO REGULATORY AGENCIES BY MODE IN EACH YEAR

	1982				1983				1984			
	* NUMBER ISSUED IN CY	** PRESENT NUMBER CLOSED	*** RATE OF ACCEPTANCE (% RATE)	* NUMBER ISSUED IN CY	** PRESENT NUMBER CLOSED	*** RATE OF ACCEPTANCE (% RATE)	* NUMBER ISSUED IN CY	** PRESENT NUMBER CLOSED	*** RATE OF ACCEPTANCE (% RATE)			
AVIATION												
FAA	173	110	88 80%	87	21	19 90%	123	13	12 92%			
OTHER FEDERAL	1	1	1 100%	0	0	0 —	6	0	0 —			
NON-FEDERAL	10	3	3 100%	0	0	0 —	5	1	1 100%			
TOTAL	184	114	92 80%	87	21	19 90%	134	14	13 93%			
HIGHWAY												
FHWA	10	7	6 86%	8	2	2 100%	23	0	0 —			
NHTSA	1	0	0 —	9	0	0 —	4	0	0 —			
OTHER FEDERAL	1	1	1 100%	6	2	1 50%	2	0	0 —			
NON-FEDERAL	48	33	28 85%	45	1	1 100%	66	0	0 —			
TOTAL	60	41	35 85%	68	5	4 80%	95	0	0 —			
RAILROAD												
FRA	6	6	3 50%	12	2	2 100%	8	1	0 —			
UMTA	0	0	0 —	0	0	0 —	0	0	0 —			
OTHER FEDERAL	1	1	1 100%	5	0	0 —	0	0	0 —			
NON-FEDERAL	108	80	62 77%	85	22	22 100%	46	14	14 100%			
TOTAL	115	87	66 76%	102	24	24 100%	54	15	14 93%			

RATE OF ACCEPTANCE OF NTSB RECOMMENDATIONS TO REGULATORY AGENCIES BY MODE IN EACH YEAR

	<u>1982</u>				<u>1983</u>				<u>1984</u>			
	*	**	***	*	**	***	*	**	*	**	***	*
	NUMBER ISSUED IN CY	PRESENT NUMBER CLOSED	RATE OF ACCEPTANCE (# RATE)	NUMBER ISSUED IN CY	PRESENT NUMBER CLOSED	RATE OF ACCEPTANCE (# RATE)	NUMBER ISSUED IN CY	PRESENT NUMBER CLOSED	NUMBER ISSUED IN CY	PRESENT NUMBER CLOSED	RATE OF ACCEPTANCE (# RATE)	NUMBER ISSUED IN CY
MARINE												
USCG	13	4	2 50%	44	9	8 89%	37	1	1	100%		
MARAD	7	0	0 —	0	0	0 —	0	0	0	0 —		
OTHER FEDERAL	2	1	1 100%	2	0	0 —	9	0	0	0 —		
NON-FEDERAL	34	18	14 78%	48	12	12 100%	39	4	4	100%		
TOTAL	56	23	17 74%	94	21	20 95%	85	5	5	100%		
PIPELINE												
RSPA	3	2	2 100%	2	0	0 —	1	0	0	0 —		
OTHER FEDERAL	0	0	0 —	0	0	0 —	1	0	0	0 —		
NON-FEDERAL	48	19	19 100%	28	10	10 100%	58	10	10	100%		
TOTAL	51	21	21 100%	30	10	10 100%	60	10	10	100%		

* This column represents the total number of recommendations issued in the calendar year.

** This column represents the total number of recommendations that are closed at present of those issued in the specific calendar year.

*** This column represents the percentage of those evaluated as acceptable action of the total number closed for recommendations issued during the calendar year.

Prepared 2/22/84, SP-20.

QUESTIONS SUBMITTED BY SENATOR KASTEN

SENATOR KASTEN: How do you feel about federal or state laws to require the installation and use of seat belts on school buses?

ANSWER: The NTSB has undertaken a study of the adequacy of federal safety standards applicable to large schoolbuses manufactured after April 1977. This study is based on our indepth investigation of accidents involving post-77 schoolbuses. In the accidents we have investigated to date, we find no clear pattern of evidence that lapbelts would have saved lives or reduced injuries had they been installed and used at the time of the accident. The new federal safety standards appear to be very effective in reducing the number of student passenger deaths and serious injuries. Thus our "real life" accident findings so far appear to verify the analytical evaluation of the new bus standards which the National Highway Traffic Safety Administration had performed in 1978 at the request of the Safety Board. However, our safety study is not finished and we are continuing to investigate schoolbus accidents.

At the same time our schoolbus study is underway, the Board is investigating accidents involving passenger cars to study the effectiveness of seatbelt restraint systems. This seatbelt study may have some bearing on the issue of seatbelt installation on large schoolbuses. This study also is not complete, but the results of some accidents involving lapbelted occupants suggests that there may be some problems associated with the use of lapbelts alone.

Therefore, NTSB does not now recommend that the Federal Government or state governments require the installation of lapbelts for passengers on large, post-77 schoolbuses.

SENATOR KASTEN: Are seat belts needed to improve schoolbus safety and would the school kids use them?

ANSWER: We do not know the extent to which children riding on large schoolbuses would wear lapbelts if available. We believe a study is being conducted by the National Highway Traffic Safety Administration which may shed some light on this issue. Further, there are several school districts in various parts of the United States which have had lapbelts installed in their large schoolbuses. Initial indications are that at least some of the school districts have been quite successful in getting the children to use their lapbelts, but we believe some school districts have adult monitors riding on the buses.

From a safety standpoint, however, we are not convinced that lapbelts are needed on large schoolbuses built after April 1977, as initial results from our study of accidents involving schoolbuses built after April 1977 indicate that large schoolbuses built in accordance with the new standards are effective in reducing occupant injuries and deaths. Further, we are concerned about the compatibility of lapbelts and the concept of compartmentalization used in the design of the post-77 schoolbuses.

QUESTIONS SUBMITTED BY SENATOR CHILES

NATIONAL TRANSPORTATION SAFETY BOARD

SENATOR CHILES: Mr. Burnett, we are pleased to have you before the Committee today. We have reviewed your budget request for \$21,559,000 and your request for 334 full-time positions.

Last year, when we had the CAB before us, I was concerned to learn that the Department opposed continuing the financial audits of U.S. air carriers. This concerned me because I feel that financial audits gives us the first indication of an airline in trouble and gives us the first indication of air carriers that may begin to cut corners and not perform the necessary maintenance. I will be particularly interested in hearing your comments on the adequacy of financial audits now performed by the Office of the Secretary and the level of coordination that now exists between the Office of the Secretary and the FAA on this matter.

ANSWER: We have not evaluated the adequacy of the financial audits currently being performed by the Office of the Secretary of Transportation. Nor have we specifically evaluated the level of coordination which exists between OST and the FAA on this matter. However, based on staff discussions we are very concerned about the apparent lack of coordination between the organizations, especially after the initial economic fitness review is completed. There is apparently no institutionalized process within DOT to adjust the FAA surveillance program to take into account the financial condition of the carrier.

SENATOR CHILES: Last year you told us the minimum number of employees needed to meet your statutory requirements was 347 employees. This year you are requesting 334 employees. Will you be able to meet all your statutory requirements with 334 employees?

ANSWER: As we have indicated previously, any reduction below the 347 level will impact our ability to effectively fulfill our statutory mandate.

The reduction in FY 1985 from 347 to 340 will translate into fewer investigations, especially in areas where we have any discretion, such as incident investigations and foreign investigations. Technically speaking we will be able to "meet our statutory mandate" by delegating some investigations to the FAA, the Coast Guard and the states (in the case of pipeline investigations). However, the reduction will jeopardize our ability to complete timely investigation reports and pursue aggressive recommendation followup.

The reduction from 340 to 334 will result in a 50 percent cutback in our Administrative Law Judge program. Although the case backlog will grow in fiscal year 1986, we believe we will be in compliance with our statutory mandate.

It is important to point out that this budget request will not be adequate if the five percent pay reduction is not enacted. If that happens we will be forced to eliminate an additional 12 investigative positions.

SENATOR CHILES: I understand that your budget proposal assumes that you will RIF six employees and that these reductions will be taken in the General Counsel's Office, Law judge positions, which now review appeals of FAA pilot license suspensions, as well as other appealed FAA decisions, will be cut.

What impact will this have on your backlog of appeal cases and are there any safety implications that could result from elimination of these positions?

ANSWER: The ALJ program can be considered an integral element of the FAA's enforcement program. Therefore any reductions in the ALJ program might jeopardize the safety impact of the FAA's enforcement actions. However, the primary impact will be to delay final administrative actions on FAA enforcement actions which are appealed. Therefore, any safety impact is rather indirect.

The Safety Board will strive to minimize the adverse effects of the resource reductions that are proposed in this budget request. However, in order to maintain the Board's ability to effectively promote transportation safety through its accident investigation programs, it may be necessary to substantially reduce our Administrative Law Judge program. Regrettably this will result in the backlog of appeal cases. Top priority will continue to be placed on revocation cases in order to minimize the safety impact of this reduction. Next priority will be placed on medical certification cases in order to minimize the injustice to individuals. However, if efficiencies in the program are not realized (such as increased application of civil penalties by the FAA), the case backlog will probably increase by over 200 each year. If so, the current backlog of approximately 250 will grow to about 346 by the end of FY 1986 and 438 by the end of FY 1987.

SENATOR CHILES: Last year we were concerned to learn that the FAA had not complied with your recommendations to improve the crash survivability of general aviation aircraft. What progress has been made and are you now satisfied with FAA actions in this matter?

ANSWER: Last year the Safety Board provided testimony regarding the FAA's reasons for its reluctance to improve aircraft crashworthiness. The Safety Board also reported on the efforts of the General Aviation Safety Panel (GASP) and that it was encouraged by the progress made by GASP and the FAA.

This year, the Safety Board is pleased to report that, as a result of accident data presented by the Board's staff to GASP, this panel forwarded a proposal to the FAA on May 1, 1984 that defined standards for seats and restraints, including requirements for the dynamic testing of seat/restraint systems to 26g's in the longitudinal direction and provisions for energy management in the vertical direction. The Safety Board recently approved a soon-to-be-released Aviation Safety Report, "General Aviation Crashworthiness Project-Phase Two: Impact Severity and Potential Injury Prevention on General Aviation Accidents." This report contains the accident data that was supplied to GASP and that supported, to a great extent, the above-mentioned GASP recommendations.

In October 1984, the GASP recommendations were accepted by FAA during its Small Airplane Airworthiness Conference. The Safety Board expects a Notice of Proposed Rulemaking to be issued by FAA in mid 1985 which will contain the GASP proposals as well as proposed methods of incorporating those proposals into the Federal Aviation Regulations. The Safety Board is greatly encouraged by these activities.

SENATOR CHILES: Currently, RSPA has regulations for only three liquids transported by pipeline; petroleum, petroleum

products and anhydrous ammonia. GAO and others have raised the issue that RSPA should have regulations for other liquids such as ammonium hydroxide, ethanol and liquified carbon dioxide transported by pipeline. What is your view of this matter?

ANSWER: The industry's needs for hazardous liquids to be transported constantly are changing as are the economics of transporting materials by a specific means. Consequently, hazardous liquids other than those now defined by statute as subject to the Department of Transportation's (DOT) safety regulations now are or are being considered for transportation by pipeline.

The DOT should be authorized to have safety jurisdiction over the transportation by pipeline of any material the unplanned release of which could endanger unreasonably public safety or health. Any liquid subject to the DOT's hazardous materials safety regulations for rail, highway, marine, or air transportation should be made subject to DOT's pipeline safety authority. Any liquid which now is or may in the future be transported by pipeline then could be assessed, on a quantity and form basis, to determine the extent of safety control necessary to protect public safety and health.

SENATOR CHILES: Over the last three years, the Committee has been assured by the Federal Railroad Administration that a final rule was imminent on the use of drugs and alcohol by rail employees. Has this rule yet been issued? If not, what additional steps does the Safety Board recommend to implement the rule?

ANSWER: No, the final rule has not yet been issued.

The Safety Board believes that FRA's proposed rule, when finally promulgated, will begin to provide the positive measures to control the use of alcohol and drugs in railroad operations. The Board has recommended in formal written comments technical improvements to strengthen the rulemaking as follows:

1. All employees directly involved in an accident should be covered by the rule.
2. Specific reference should be made to the fact that marijuana is a controlled substance as defined by 21 U.S.C. 802.
3. The rule should not convey the message that a blood alcohol level, such as 0.05 percent, in an operator is permissible for safe operation.
4. Testing for marijuana use must be based on a reliable blood analysis for THC and its metabolites.
5. Post-accident toxicological testing of railroad employees involved on rail-highway grade crossing accidents should not be excluded.
6. Railroad employees who refuse to be tested under the proposed rule should be terminated from railroad employment.

The Board is concerned that the final rule has not yet been issued by FRA, and that FRA's resolve in addressing this serious safety problem may be eroding or weakening. The Board believes that the action FRA has publicly promised to take should be taken without further delay.

SENATOR CHILES: Your justification notes that UMTA has statutory authority for safety oversight under Section 22, but does

not intend to mandate safety measures in transit operations. Considering the large investment of federal funds in mass transit, is this a responsible position? With many millions of riders taking transit on a daily basis, what kind of safety risks are they being exposed to? What is your view as to what should be the major elements in an UMTA safety program?

ANSWER: The Board has long held the belief that strong governmental safety oversight of rail rapid transit is necessary and that it is best accomplished, if possible, at the state level. Of course, to the extent that state government fails to perform this function, the Federal Government should step in and fill the void. Therefore, the level of UMTA safety oversight that is reasonable will depend on the degree to which the states exercise their responsibility in this area. We believe that, at the very least, UMTA should continue its development of safety guidelines for rapid transit systems especially in areas common to different transit operations such as rapid transit cars. To date, they have issued one such guideline on material selection, and have another in printing which deals with emergency procedures.

As a part of implementing its responsibility in rail rapid transit, the Board has investigated numerous accidents. Our investigations have revealed a number of mechanical and human flaws in the transit systems. Computer failures, car problems, signal problems, failure to observe operating rules and policies, inadequate training, failures to maintain equipment and right-of-ways, and inadequate planning and implementation of emergency response are some of the safety risks facing transit riders. Statistically the safety record has been quite good but the large numbers of riders especially during rush hours substantially increase the risk of a major catastrophic accident.

The broad elements of any safety oversight function would include appropriate policies, requirements and guidelines for the safe operation and maintenance of a system, sufficient means to surveil and adequate authority to inspect for and ensure compliance.

SENATOR CHILES: This Committee has previously heard testimony from the National Highway Traffic Safety Administration (NHTSA) with respect to their programs, particularly in the seat belt area. Would you please outline, for the Committee, your role as differentiated from the role of the NHTSA. Is there any area of overlap or duplication?

ANSWER: As you are aware, the NHTSA has the responsibility to regulate highway safety, and much of its recent efforts have focused on increasing the level of occupant protection in passenger cars through rulemaking on this issue. More recently, the NHTSA has developed \$40- million cooperative education programs to encourage increased seatbelt use and passage of state mandatory seatbelt use laws.

In contrast to NHTSA, the NTSB, which has no rulemaking authority, is charged with investigating transportation accidents, determining the probable cause, and issuing safety recommendations to prevent such accidents.

In the seatbelt area, the NTSB currently is using its accident investigation expertise in a safety study designed to determine the effectiveness of seatbelt restraint systems in passenger cars.

Because of the low rate of seatbelt use in this country, the NHTSA has had to base its estimates of the effectiveness of seatbelts on laboratory tests and extrapolation of limited accident data.

The Board is investigating 150 to 200 motor vehicle crashes in which at least one occupant was belted to determine whether belts were worn properly, to document crash dynamics, injury sources, seatbelt performance, and to determine relationship between vehicle size, crash dynamics, and belt performance. In addition, the belt system components will be examined for performance and possible malfunction. We believe this study will result in additional useful knowledge about belt performance in real-world crashes, how belts are misused, and the kinds of injuries which are avoided and the kinds sustained by belted occupants versus unbelted.

Based on our findings, we will issue safety recommendations to the NHTSA (or any other appropriate organizations), if needed, to improve the performance of restraint systems. We would then expect the NHTSA to take whatever action is necessary to implement the improvements we believe to be necessary. We do not believe these efforts by the NHTSA and by the Board to be duplicative or redundant, but rather complementary.

SENATOR CHILES: Your justification makes note of the large losses of life -- over 175 deaths -- which have resulted from capsized or sinking of offshore oil rigs. You conclude that appropriate manning and personnel qualifications established by the U.S. Coast Guard could help considerably in preventing such tragedies. There appears, however, not to have been action by the Coast Guard to issue the needed regulations. How serious is the continuing threat in view of the lack of action by the Coast Guard. What needs to be done to prevent these disasters in the future?

ANSWER: Although there has been some decrease in the rate of offshore oil exploration worldwide, there are still over 600 mobile offshore drilling units operating worldwide with about 50,000 persons aboard them at any one time. With drilling operations continuing to move further offshore, these vessels are exposed to more severe environmental conditions requiring personnel with maritime expertise. The current trend to increase the crew size, coupled with greater exposure to the forces of nature, have increased the potential for disaster. The U.S. Coast Guard needs to publish qualification and manning regulations for these vessels which require the persons-in-charge to be experienced mariners and insure that the person-in-charge not be subject to oil production management personnel when making safety decisions.

DEPARTMENT OF TRANSPORTATION

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

STATEMENT OF JAMES L. EMERY, ADMINISTRATOR, ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

ACCOMPANIED BY:

EDWARD MARGOSIAN, COMPTROLLER

WILLIAM A. TUSAIE, DIRECTOR OF PROGRAM REVIEW AND CON-
GRESSIONAL RELATIONS

INTRODUCTION OF WITNESSES

Senator ANDREWS. The subcommittee will resume its consideration of the transportation budget functions.

We are now to hear from the St. Lawrence Seaway Development Corporation. The Administrator, Mr. Emery, is here, and a number of his people. Good to see you all and nice to have you onboard.

As always, we would be glad to include your statement in its entirety in the record, but you can summarize it in any way you wish.

Mr. EMERY. I would appreciate, Mr. Chairman, if I could just briefly touch upon a few things which I think are important to get out.

Joining me today on my right is the Comptroller, Mr. Margosian, and on my left the Director of Program Review and Congressional Relations, Bill Tusaie.

During my first year as Administrator I focused the majority of my efforts in two areas—trade and traffic development initiatives and management improvements.

I am pleased to report that the seaway tonnage is up 5.4 percent last year and a cumulative 11 percent over the past 2 years, and we intend to keep that trend line moving upward.

The major step obviously was our 1985 freeze on seaway tolls for the upcoming season, and that means that they will remain at 1983 levels, the second year in a row that we have frozen tolls.

I should point out that this freeze was not achieved without some pain. To satisfy Canadian demands for higher revenues of 1.5 percent, we actually cut the U.S. tolls by 7 percent, so that we had no toll increase.

We are able to absorb this by management cost control measures that put us in a good position to accept this reduction, and it will be partially made up by anticipated interest income of about \$800,000 from our reserve funds, which are placed in 120 minority and women's banks under the administration's Minority Bank Deposit Program.

We have just returned from our first ever binational seaway trade mission to five Western European countries jointly sponsored by the Seaway Corporation and our Canadian counterparts, which included 30 participants representing ports, shipping companies, labor, on both sides of the isle—both sides of the border, rather.

I would have to say that the mission was a solid success. It gave the seaway a new visibility among our prime trading partners. It gave our port directors a chance to make hundreds of contacts, which I believe will lead to increased seaway trade in the future.

PREPARED STATEMENT

That completes my summary remarks, Mr. Chairman. I would like to submit my prepared statement for the record at this time, after which I would be happy to answer any questions you may have.

[The statement follows:]

STATEMENT OF JAMES L. EMERY

Mr. Chairman and members of the Subcommittee; I am pleased to appear before you today to describe the highlights of the Corporation's 1986 budget request and to outline our accomplishments during the 1984 shipping season.

During my first year as Administrator, I focused the majority of my efforts in two areas: 1) management improvements and 2) innovative trade and traffic development initiatives.

MANAGEMENT IMPROVEMENTS

The management improvements include implementation of cost control and human resources management improvements. The following organizational improvements were instituted:

- ° Realigned and streamlined the Corporation's organizational structure by reducing the number of departmental reporting units from 12 to 4.
- ° Elevated the personnel function to department status to better address manpower planning, deployment and training needs.
- ° Reorganized lock operations to eliminate unnecessary layers of supervision and reduce the need for overtime.
- ° Streamlined the procurement process to maintain control while reducing paperwork and expediting requests.

In our efforts to improve management of human resources, the following initiatives were implemented:

- ° Appointed a labor-management committee to facilitate two-way communications between Corporation management and AFGE Local 1968.
- ° Negotiated a new three-year labor contract saving an estimated \$500,000 over the life of the contract.
- ° Improved the average grade of women in the Corporation by eight percent.

In order to improve the Corporation's management planning, we developed a five-year capital plan aimed at improving lock facilities and navigation safety. Also, a new internal budget process is being implemented to improve resource allocation and accountability.

For reasons of cost control and efficiency, the Corporation's Washington office was relocated to the Department of Transportation headquarters building resulting in a reduction of office space. Also, our Massena engineering office was moved from the Administration building to the Eisenhower Lock area making space available for rental to external agencies.

TRADE AND TRAFFIC DEVELOPMENT

In addition to our management improvement, cost control and human resources efforts, I take particular pride in our innovative trade and traffic development program including the 1985 freeze on Seaway tolls negotiated with our sister agency, the St. Lawrence Seaway Authority of Canada. I feel these measures enhance the viability of our great international waterway and its economic significance to our nation. Also, increased Seaway use will strengthen the Corporation's ability to remain self-supporting.

To gain local input on marketing, the Corporation sponsored twelve Seaway Port Listen-Ins at Great Lakes Ports. As I explained to you last year, the Listen-Ins gave me a first hand opportunity to hear the ideas of carriers, shippers, port directors, community leaders and local government officials. The Listen-Ins were attended by over 1,000 people.

Based on information obtained from the Listen-Ins, the Corporation developed a five point action plan which stresses the need for cost containment, worldwide marketing, improved government relations, target cargoes and expanded information sharing.

In the area of trade and traffic development, the Corporation accomplished the following:

- ° Established a Corporation Office of Trade and Traffic Development reporting directly to me and charged with the goal of encouraging increased Seaway use.
- ° Implemented the innovative Seaway Nightcast telex service which notifies subscribers of incoming Seaway vessels and their cargo needs. This is an attempt to match cargoes and vessels.
- ° Sponsored Seaway Export Seminars in cooperation with the U.S. Department of Commerce at five Great Lakes ports.
- ° Established Toledo, Ohio as the location of a Midwest regional office for Trade and Traffic Development.
- ° Formed a Washington-based Federal Seaway Working Group to improve coordination among Federal agencies serving the Great Lakes, including the Maritime Administration, Coast Guard, Corps of Engineers, Commerce Department, Customs, Department of Agriculture, Agency for International Development, Federal Maritime Commission and Department of Defense.
- ° Formed a Massena-based North Country Seaway Working Group composed of Federal, state and local agencies aimed at economic and environmental development of the Seaway Valley region.
- ° Commissioned independent study of Seaway shipping costs compared to alternative, competing routes.

- ° Planned 1985 Seaway Trade Mission to Western Europe in cooperation with U.S. Commerce Department and Seaway Authority of Canada.

CARGO SUMMARY

I am pleased to report that combined Seaway traffic rose 5.4 percent to 47.5 million metric tons in 1984. Over the past two-year period, cargo tonnage is up a cumulative 10.9 percent. This tonnage generates an estimated \$3 billion in economic activity at Great Lakes ports each year.

Grain retained its place as the largest Seaway commodity in 1984 at 23.5 million tons, equal to half of all tonnage. Iron ore was the next largest cargo at 11.4 million tons, equal to one-quarter of all tonnage.

Other bulk commodities comprised 7.6 million tons or 15 percent. General cargo of 4.9 million tons made up the remaining 10 percent.

The 1984 increase in cargo tonnage took place despite an 18-day Seaway shutdown caused by the failure of the Larocque Bridge at Valleyfield, Quebec, on November 21, 1984. The Seaway reopened on December 10 and remained open until the last vessel transited on January 2, 1985, the latest closing date in Seaway history. During this closing period, the Seaway moved over 4 million tons of cargo.

BUDGET ESTIMATES

On the basis of the present toll levels and traffic projections agreed to by the U.S. and Canadian entities, the Corporation estimates its revenues for fiscal year 1986 will be \$13.0 million. During the fiscal year, the Corporation proposes to utilize \$10.6 million for operations and \$2.6 million for replacements and improvements. Of the \$10.6 million to be applied to operations, \$8.7 million will be used for operations and maintenance and \$1.9 million for administrative expenses.

If necessary to fund the total fiscal year 1986 program, the Corporation will apply \$200,000 from reserves to replacements and improvements.

ADMINISTRATIVE EXPENSES (LIMITATION)

The Administrative Expense Program (Limitation) reflects an increase from \$1,842,000 in 1985 to \$1,890,000, an increase of \$48,000. This modest increase represents annualization costs and increased costs of goods and services.

OPERATIONS ESTIMATE

The Operations Program consists of lock and marine operations, maintenance, trade and traffic development, engineering and other activities related to the operations, maintenance and development of the St. Lawrence Seaway System. The Operations Program Estimate reflects an increase from \$8.1 million in 1985 to \$8.7 million in 1986 to fund the increased cost of the trade and traffic program,

maintenance on aging facilities, wage board annual salary adjustments and annualization costs. A total of 155 permanent positions are budgeted for these activities.

REPLACEMENTS AND IMPROVEMENTS ESTIMATES

The Seaway Corporation's Replacements and Improvements Program is estimated at \$2.6 million in Fiscal Year 1986. This program provides for the cost of replacement of worn out equipment, machinery, and tools. Since much of the equipment currently used to operate the Seaway was acquired in 1959 when the Seaway opened, emphasis will be on replacing worn out equipment with new improved equipment. In addition, improvements are scheduled for lock operations and aids to navigation.

SUMMARY

Mr. Chairman, we believe we can continue to operate the U.S. Seaway system in a prudent, efficient, and professional manner. There is plenty of business for everyone in the Great Lakes Seaway system. But business will not come knocking at our door. We plan to aggressively go after it through the most creative trade and traffic programs we can develop.

This concludes my prepared statement. I will be happy to respond to questions you or other members of the committee may have.

GRAIN EXPORTS DECLINE

Mr. EMERY. I am sure you will be pleased, Senator, to know that our European friends again and again pointed to the prime importance of grain to the total seaway trade outlet.

Traditionally it has been our golden cargo representing 50 percent of our tonnage. However, last year seaway grain exports fell 3.1 percent, and the American grain was less than one-half the size of Canada's grain shipments.

Senator ANDREWS. Why?

Mr. EMERY. I guess the high dollar is one. They tell me we are putting out a better grain product than they choose to buy. There are many other countries that are putting out a lesser grain.

Senator ANDREWS. Your testimony then is, in your observations as the head of the Saint Lawrence Seaway Commission, is that our Canadian neighbors are putting out a better quality product?

Mr. EMERY. No. Canada's grain is down slightly, too, but there are other grain-producing countries that are now offering a much better price in the market.

I must point out, however, that the Europeans that we have talked to are hoping that we are more aggressively into the export field, that they like our grain, they like our seaway system.

I think we have to be better competitors, one, of moving the grain shipments, which we intend to be. What we are going to do on price and export policies, that is something that I can't, I guess, arrange, but we are going to do our part.

INCREASED GRAIN EXPORTS ESSENTIAL

There is a very important interlocking factor that increased grain exports in my mind are absolutely essential to the seaway's future because grain is the magnet cargo attracting ships and other forms of trade to our system.

In line with the President's commitment to increase agriculture exports, I would certainly recommend to you and your colleagues that primary in agriculture and world trade agenda must be increased export of American grain.

Senator ANDREWS. Mr. Administrator, the U.S. Foreign Service said that the economic community as a whole is not likely to import more grain. The United States, in order to increase its grain exports, will have to take away from the markets of other exporters.

How will the St. Lawrence Seaway help us do that?

Mr. EMERY. Next week here in Washington we are going to hear more about grain exports from a gentleman who I think is very well known to you, Henry Neshem, president of the National Association of Wheat Growers.

Senator ANDREWS. That's right. He happens to be from North Dakota.

Mr. EMERY. He will be here. I intend next week, also, to confer with another good friend, our Board member, Steve Reimers.

Senator ANDREWS. He happens to be from North Dakota, also.

Mr. EMERY. He has a great interest in grain and grain exports.

Senator ANDREWS. If he doesn't, we would take him off the Board.

Mr. EMERY. I was also very impressed in Rotterdam to meet with Ron Fraase, I think the Vice President for Market Development for U.S. wheat.

So we are working with them. I think if we keep our tolls down and our cost down, that will certainly help export grain. That is what we intend to do.

Senator ANDREWS. You recently returned from the seaway's trade mission trip to Western Europe.

PURPOSE OF WESTERN EUROPE TRADE MISSION

Can you tell the committee the purpose of that trip and what you learned?

Mr. EMERY. The purpose of the trip was to go over and, one, thank those people who have been trading with the seaway. Those five countries that we visited account for about one-third of the total export-imports out of the seaway. Second, was to go over and to make ourselves known to nonusers of the seaway to identify problems, to recruit new business.

And I am happy to report that my conversations with port directors who accompanied us from both sides of the border, they made valuable contacts, and I anticipate that we are going to have increased shipments through the seaway if we can keep our costs in line, and we intend to.

Senator ANDREWS. What were the chief concerns that the Western European grain importers have regarding the seaway?

Mr. EMERY. There was some talk about staying open a longer period of time, which, of course, we did this year because of the unfortunate bridge incident. They were wondering if we can incrementally extend that season another few weeks.

I think the Canadians are interested for the first time in taking a look at that with us. So we will be looking during this year whether we can extend it for another week, 10 days or 2 weeks.

One of the things that we want to make sure is that we are not just stretching out the season and not increasing cargo. If we are going to extend it, we would hope that we can provide for further shipments.

SAFETY MEASURES INSTITUTED

Second, they had concerns of how we were going to face another possible bridge incident as we had. I think we have handled that satisfactorily so they know that we are putting every safety measure into place, that we won't detour shipping and that we will be attentive to their needs.

I think that one of the other areas where we can improve our position is to get some DOD cargoes out of the Great Lakes. A great deal of that is manufactured there. We now have three U.S. flag lines. We no longer have to say that the excuse for not shipping out of the Lakes, DOD cargo, was that there were no U.S. flag lines.

Indeed, there is a new service commissioned essentially to take some of that cargo. We are going to be working very aggressively to get some of that trade through the seaway.

Senator ANDREWS. Mr. Administrator, you mentioned the bridge accident. The combined seaway traffic was 47.5 million metric tons in 1984. And in just 3 weeks, from December 10, 1984, to January 2, 1985, the seaway moved over 4 million tons of cargo, over 8 percent of the total that had been backed up during this bridge incident.

What was the largest share of that? Was that, as I understand, sunflower seed?

Mr. EMERY. Grains were the biggest portion that were backed up. We had 160 ships in line, and we moved them through in less than 10 days operating at maximum capacity. We got every ship out of the system.

There was grain, sunflower seed. There was wheat. We lost probably four or five ships that did not enter the system that were destined for Duluth and Thunder Bay for grain, so we lost those shipments out of there.

POSSIBILITY OF INCREASED GRAIN MOVEMENT

Senator ANDREWS. Do you envision in the next year or two an increase in grain movement through the Great Lakes?

Mr. EMERY. I think it is dependent upon what we can do to move U.S. grain through there.

One of our thoughts is not only bringing the focus on grain, as I pointed out here, but I am exploring and will explore with Mr. Reimers and others next week the establishment of a grain task force that will work with us, work with industry, work with government to try to improve the grain shipments.

I met earlier this week in Kansas City with Department of Agriculture people to try to encourage the greater shipment of grains through the seaway as well.

Senator ANDREWS. Do you feel that other modes or routes of transportation have much greater flexibility in their pricing policy than the St. Lawrence Seaway, and does that put the seaway at a great disadvantage?

Mr. EMERY. Throughout Europe, as we have talked to people and as we have talked to people in the trade, I think we are competitive. There are some people who feel we are less competitive than others.

We will have, and I mentioned to you last year that we were conducting a voyage cost study. I thought it would be done much quicker than it was. It will be in our hands before the end of this month, and I will transmit that to you as soon as we receive it, so that we will have an analysis of what our costs are against the other sea coasts.

COMPETITION FROM GULF AND EAST COAST PORTS

Senator ANDREWS. We would appreciate that. In the marketplace who do you see as your greatest competition?

Mr. EMERY. The gulf and the east coast ports primarily.

Senator ANDREWS. Why?

Mr. EMERY. Well, the availability of barge services down the Mississippi, through the gulf, and the intermodal rates that are established with rail over to the east coast, but I think that we can be competitive.

I think that what we have to do is encourage the sale of more U.S. grain abroad. If we do that, then we are going to get our share of it because we will be competitive.

Senator ANDREWS. Of course, it is like which comes first, the chicken or the egg? If we have more competitive shipping rates, we are going to sell more U.S. grain abroad.

You say if we are going to have more U.S. grain sales abroad, we are going to get more shipping business?

Mr. EMERY. We will be working on it jointly. It is difficult to decide which comes first, the egg or the chicken, but we will be working at both sides, on both the egg and the chicken, and, hopefully, bring them together.

Senator ANDREWS. Have you done any analysis on the effects that recent deregulation legislation have had on your traffic or your ability to track traffic?

Mr. EMERY. I would say that it has made us, well, it has forced us to be more competitive. I think that is good.

Obviously with our increase in tonnage continuously over the past 2 years, that has certainly improved our position financially, so I would say with that increase the proof is that that we are doing a better job and we are tracking new cargo.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much, Mr. Administrator. I have a number of questions that I will submit for the record, as do my colleagues on the subcommittee.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

SEAWAY MANAGEMENT

SENATOR ANDREWS: In response to last year's Seaway Port Listen-Ins, you established an Office of Trade and Traffic Development. Could you tell the Committee what specifically this office does?

ANSWER: The office conducts trade and traffic activities aimed at promoting Seaway use.

SENATOR ANDREWS: How is this an improvement over the prior organizational structure?

ANSWER: The sole mission of this office is to promote Seaway use. Under the previous organization, promotion was not a major activity.

SENATOR ANDREWS: Who previously was responsible for marketing the Seaway?

ANSWER: Under the previous organization, no one office was responsible for marketing.

SENATOR ANDREWS: Of the Corporation's overall operations expense how much goes for the Office of Trade and Traffic Development?

ANSWER: Trade and traffic development activities amounted to \$300,000 in 1984. The 1985 estimate is \$700,000 and the 1986 estimate is \$1 million for trade and traffic development.

SENATOR ANDREWS: This office is charged with marketing - are its efforts augmented by private contributions?

ANSWER: Although no private contributions are received by the Seaway Corporation, we do coordinate our efforts with the private sector. For example, each member of the European trade mission paid \$3,000 for their share of the expenses.

SENATOR ANDREWS: How does this coordinate with the various ports' promotions?

ANSWER: The Seaway Corporation works closely with the International Association of Great Lakes Ports on cooperative promotional efforts.

SENATOR ANDREWS: Is it in conflict with private efforts?

ANSWER: We have not experienced any conflict with private efforts.

SENATOR ANDREWS: The Seaway Nightcast telex service is also new. What services are provided by Nightcast?

ANSWER: The Seaway Nightcast service provides information to a variety of subscribers on incoming ships and their cargo needs.

SENATOR ANDREWS: What does Nightcast cost the Corporation?

ANSWER: Nightcast costs the Corporation approximately \$100 annually.

SENATOR ANDREWS: Is Nightcast a clearinghouse for all cargoes and services that the Seaway can provide?

ANSWER: The Nightcast service does not address Seaway services. Nightcast is designed to link shippers with potential carriers.

SENATOR ANDREWS: How is this service updated?

ANSWER: It is updated daily by the Seaway Corporation staff in Massena.

SENATOR ANDREWS: That is, do ports regularly inform the Corporation of what cargoes, capacity and ships they have available? How do they do this?

ANSWER: The information that is provided to Nightcast subscribers comes from vessels that are looking for cargoes. The vessels provide the information to the Seaway Corporation and we make the information available to subscribers.

SENATOR ANDREWS: Last year an Office for Trade and Traffic Development was opened in Toledo, Ohio. How was this site chosen?

ANSWER: Toledo was chosen because of its central location in the Great Lakes region.

SENATOR ANDREWS: Do you plan to open up any more offices? How many? When?

ANSWER: We may open an office to serve the Western Great Lakes region in 1985.

SENATOR ANDREWS: What has been the experience to date of having a regional office?

ANSWER: The Toledo office was opened in January 1985, therefore; it is too soon to determine the impact of the office.

SENATOR ANDREWS: What is the cost of a regional office?

ANSWER: The cost of the Toledo office is approximately \$160,000 annually.

SEAWAY OPERATIONS

SENATOR ANDREWS: What is the status of the Booz-Allen study examining Seaway shipping costs compared to alternative, competing routes?

ANSWER: The study will be completed by the end of March.

SENATOR ANDREWS: Is that study available? What were the findings?

ANSWER: We will provide a copy to the committee as soon as the contractor completes the report.

SENATOR ANDREWS: Is the Seaway competitive for a bushel of grain coming out of the Plains states versus the alternatives of going South to the Gulf or to the West via railroads?

ANSWER: Costs for transporting a bushel of grain are subject to the conditions in the market place. The supply of available transportation in relation to the amount of grain to be moved determines the competitive position of the Seaway route.

SENATOR ANDREWS: In recent years, have you noticed any shift in shipping patterns due to changes in rates by the various modes?

ANSWER: Yes, overcapacity of barges on the Mississippi River has funneled grain movements off the Seaway.

SENATOR ANDREWS: Tolls may not be the only reason that a shipper would choose an alternative to the Seaway. Has your study or the Booz-Allen study uncovered other reasons (time, convenience, etc.) for traffic diversion?

ANSWER: The main reason that a shipper would choose an alternative route is price. Once again, supply and demand in the transportation market control prices.

SENATOR ANDREWS: For the record please provide the committee a copy of the report (when available) and the Seaway's response to the study.

ANSWER: The final report should be available in early April.

EUROPEAN TRIP

SENATOR ANDREWS: What countries did you visit?

ANSWER: The European Trade Mission included visits to England, France, Belgium, Germany and the Netherlands.

SENATOR ANDREWS: How were these countries chosen?

ANSWER: The countries we visited are our prime trading partners. All five countries rank among the top ten purchasers of U.S. goods.

SENATOR ANDREWS: Have you done anything so far or are you planning anything in response to what you learned on that trip?

ANSWER: Yes, the Seaway Corporation's Office of Trade and Traffic Development is conducting information follow-up and exchange. Also, the individual ports are contacting possible clients they met on the trip.

SENATOR ANDREWS: Was the length of the season the chief complaint regarding the Seaway's operations?

ANSWER: The length of the season was cited as a factor in decisions not to use the Seaway by some shippers.

SENATOR ANDREWS: Were the Europeans (in general) more concerned about the early closing date (usually December 15th) or the late reopening date (usually April 1st), or both?

ANSWER: Primarily, the concern was with the closing date.

SENATOR ANDREWS: Were any of the potential European customers concerned about the size of the Seaway locks, that is, their ability to handle the large container or cargo ships?

ANSWER: The size of the locks was not an issue of concern to the Europeans.

SENATOR ANDREWS: Is a twelve-month season necessary to attract more European traffic?

ANSWER: No, reliable service and competitive prices will attract more business.

SENATOR ANDREWS: Are there differences between the way the United States and Canada market the Seaway? That is, are the Canadians as aggressively marketing the Seaway as you are Mr. Emery?

ANSWER: In the past, Canada did very little marketing of the Seaway. The Canadians are now beginning to focus on marketing and we expect to work together to market the system in the future.

SENATOR ANDREWS: Do the differences present problems for the Corporation.

ANSWER: To date, our differences have not caused problems.

LAROCQUE BRIDGE (VALLEYFIELD)

SENATOR ANDREWS: Because of the bridge failure at Valleyfield, Quebec the Seaway experienced an 18 day shut-down. What have you learned from this incident? (Both positive and negative.)

ANSWER: The shut-down of the Larocque Bridge was truly a learning experience for both Canada and the United States. From the failure of the Canadian bridge, we learned that we must do our best to maintain the ageing equipment on the entire system to insure uninterrupted use of the Seaway. Also, we learned that we can perform under pressure. When navigation resumed after the shutdown, we had a 160 ship line up waiting to move. The Seaway reopened on December 10 and by December 18 the vessel back-up was cleared.

SENATOR ANDREWS: Because of the shut-down, the Seaway stayed open until January 2, 1985, the latest closing date in Seaway history. Does this suggest or argue for keeping the Seaway open later -- even under normal operating conditions?

ANSWER: This year, we had extremely favorable weather which cannot be assumed for future years.

The 1984 season closing was unique because of the need to accommodate late season movements created by the bridge shut-down. Also, 1984 was unique because of the unusually mild weather that permitted ice-free navigation through January 2, 1985.

SENATOR ANDREWS: What percent of the Seaway's total tonnage is usually moved at the end of the season?

ANSWER: Approximately 30 percent of our tonnage is between October 1 and closing.

SENATOR ANDREWS: Do you believe that shippers will give up on the Seaway because it is so vulnerable to this type of accident?

ANSWER: No.

SENATOR ANDREWS: Have any shippers expressed this sentiment to you?

ANSWER: No.

SENATOR ANDREWS: Because of the Larocque Bridge tie-up a number of groups have stepped up their efforts to lengthen the season - start March 15 and close December 31st. What is the current situation on lengthening the season within our administration and within the Canadian Seaway Authority?

ANSWER: Both Canada and the U.S. would be willing to discuss the issue if weather permits it and traffic demands it.

SEASON EXTENSIONS - EFFECTS

SENATOR ANDREWS: Last year before the Committee you stated that the Corporation was studying the issue of exactly how much downtime was needed for winter structural maintenance. Have you completed that study?

ANSWER: Yes.

SENATOR ANDREWS: What were the results of your investigation?

ANSWER: The amount of downtime is dependent on the amount of resources we devote to the work. The average time is 60 to 90 days.

SENATOR ANDREWS: Did your investigation differentiate between "normal" winter maintenance and extraordinary repairs?

ANSWER: Yes, we focused our efforts on normal maintenance.

SENATOR ANDREWS: How long does it take to perform necessary "normal" maintenance?

ANSWER: With our current resources, normal winter maintenance requires 2 to 3 months.

SENATOR ANDREWS: What became of the Army Corps of Engineers study on season extension that at this time last year was at the Office of Management and Budget for review?

ANSWER: The study has not left OMB.

SENATOR ANDREWS: Is that available for the Committee's review?

ANSWER: The report is available.

SENATOR ANDREWS: In summary, what did that study say?

ANSWER: The Final Feasibility Report by the Detroit District Engineer is dated August 1979. The report recommended a 12 month season on the upper four Lakes and a 10 month season below Lake Erie. Based on October 1979 price levels, the estimated total investment cost was \$451 million, of which \$113 million was included for proposed environmental studies. "To assure and to confirm environmental and social feasibility of this program, an Environmental Plan of Action (EPOA) would be accomplished concurrently with implementation and execution of post-authorization planning, engineering, construction, and operations with provisions to modify or stop the program if unacceptable environmental impacts surface." Total investment costs for the St. Lawrence River portion of the recommended plan totalled about \$59 million of which \$19 million was earmarked for the EPOA. The Chief of Engineers' March 1982 endorsement recommends a 10 month season on the St. Lawrence and an 11 month season on the upper Lakes at a cost of \$608 million in October 1983 dollars, which does not include money for the EPOA.

TOLLS - REVENUE - CARGO

SENATOR ANDREWS: Last year's tonnage was 2.4 million tons higher than 1983 and 4.6 million tons higher than 1982. Is the increased tonnage the reason why you are able to keep the same toll schedule in place for 1985?

ANSWER: We are able to keep the same toll structure because of increased cargo, cost savings and additional income from our deposits in minority banks.

SENATOR ANDREWS: What percent of the tolls accrue to the United States?

ANSWER: Twenty-seven percent of the Montreal to Lake Ontario tolls accrue to the U.S.

SENATOR ANDREWS: How much to the Canadian authorities?

ANSWER: Seventy-three percent of the tolls accrue to Canada in Canadian dollars.

SENATOR ANDREWS: Is this the same percentage that the United States received when the existing toll schedule went in place in 1983?

ANSWER: In 1983 the U.S. portion of the Montreal to Lake Ontario tolls was 29 percent and the Canadians received 71 percent in Canadian dollars.

SENATOR ANDREWS: Why does the United States now receive less in terms of percentage of the tolls than it did two years ago? Please elaborate.

ANSWER: We receive less because the Canadian Authority insisted on higher revenues in 1985 to finance their projected deficits. In order to freeze tolls at the 1983 level, we agreed to reduce our share of the tolls, allowing the Canadians to fund their estimated requirements.

SENATOR ANDREWS: How accurate have the revenue projections been for the last four calendar years versus your original projections?

ANSWER: The following table depicts projected and actual toll revenue for the past four years:

	<u>Toll Revenues</u>	
	<u>Projections</u>	<u>Actual</u>
F.Y. 1984	10,600	11,922
1983	10,700	10,597
1982	12,000	9,710
1981	10,900	10,030
1980	10,760	9,589

SENATOR ANDREWS: In summary, what were the reasons for the discrepancies?

ANSWER: The main reason for discrepancies between projected revenue and actual is that projections for budget purposes are made 10 to 12 months before the season.

CAPACITY

SENATOR ANDREWS: At what percent of capacity did the Seaway operate during calendar year 1984?

ANSWER: Approximately 57 percent based on a capacity of 80 million tons.

SENATOR ANDREWS: Do you believe that any effort that increases utilization would help to keep the tolls down? Please elaborate.

ANSWER: Yes, during the navigation season the Seaway operates 24 hours a day seven days a week. Since the vast majority of Seaway costs are fixed costs, increased utilization will provide more revenue without substantially increasing costs.

SENATOR ANDREWS: Is 80 million tons the projected capacity at the Seaway?

ANSWER: Yes, 80 million tons is our estimated capacity.

SENATOR ANDREWS: How is the 80 million ton capacity figure derived? That is, how long is the season?

ANSWER: The normal shipping season is 8½ months.

SENATOR ANDREWS: How many ships can the Seaway handle on a peak day?

ANSWER: The locks can handle a peak of 31 transits per day. The 80 million ton capacity is based on a Corps of Engineers estimate of 6,517 transits in a normal season.

SENATOR ANDREWS: For the record please provide by commodity and by month the total tonnage transiting the Seaway.

ANSWER:

1984
TRAFFIC BY MONTH AND TYPE OF CARGO
(Cargo Tons)

Month	Bulk	Grain	Govt. Aid	Containers	General	Total
March	0	24,849	0	0	0	24,849
April	1,603,730	1,443,692	2,411	13,656	370,803	3,434,292
May	2,556,561	3,249,265	25,150	19,462	610,977	6,461,415
June	2,492,746	2,863,606	15,131	19,467	656,801	6,047,751
July	2,367,177	3,053,464	39,663	20,290	628,488	6,109,082
August	2,305,227	2,573,977	40,004	24,348	596,077	5,539,633
September	2,104,472	2,548,154	34,487	10,291	407,975	5,105,379
October	2,115,255	3,090,657	21,846	19,862	603,429	5,851,049
November	1,967,527	2,352,561	16,657	9,377	627,102	4,973,224
December	1,319,764	2,300,494	35,758	3,931	296,154	3,956,101
January	2,681	0	0	0	0	2,681
February	0	0	0	0	0	0

FIVE YEAR CAPITAL PLAN

SENATOR ANDREWS: The five year capital plan provided at the Committee's request funds normal or routine capital replacement. What resources does the Seaway have available to fund major or extraordinary capital requirements? Please elaborate.

ANSWER: The only resources the Seaway Corporation has available for funding major capital requirements are toll revenues. If tolls are not adequate to provide the revenues needed to fund extraordinary capital requirements, tolls must be increased to meet costs or we may go to Congress for assistance.

SENATOR ANDREWS: Beyond the five year plan, does the Seaway have extraordinary capital needs? If so, please elaborate. That is, does the Seaway have capital needs beyond what can be funded by the approximately \$2 million now spent for capital purposes?

ANSWER: In addition to the \$2.5 million for capital projects in FY-1985 and \$2.6 million for FY-1986, the Seaway Corporation must fund extraordinary maintenance and rehabilitation costs for Eisenhower and Snell Locks. At the request of the Seaway Corporation, the Corps of Engineers' Buffalo District prepared a reconnaissance report for major rehabilitation of Eisenhower and Snell Locks. The total construction costs, including a 25 percent contingency and supervision and administration by the Corps, amounts to \$39.2 million.

SPACE RENTAL

SENATOR ANDREWS: The Massena engineering office was moved from the Administration building to the Eisenhower Lock area. Has this resulted in lower standard level user charges (SLUC)?

ANSWER: Since we own the Administration building in Massena, there are no SLUC costs.

SENATOR ANDREWS: Have you been able to rent to outside agencies the available space in the Administration building?

ANSWER: Yes.

SENATOR ANDREWS: How much space? To whom?

ANSWER: At this time, we have leased 196 sq. ft. to American Telephone and Telegraph for \$2,156/yr., 729 sq. ft. to Internal Revenue Service for \$8,019/yr. and 865 sq. ft. to Immigration and Naturalization Service for \$10,380.

SENATOR ANDREWS: Has the move of the Corporation's Washington office resulted in lower SLUC costs? How much?

ANSWER: Yes, the Washington SLUC cost is approximately \$20,000 lower.

ECONOMIC DEVELOPMENT

SENATOR ANDREWS: In the opening statement it was offered that tonnage on the Seaway generates an estimated \$3 billion in economic activity at Great Lakes ports each year. In summary, how did you arrive at the \$3 billion figure?

ANSWER: Using individual ports' economic studies, we extrapolated results across the system.

TOLLS - REVENUES

SENATOR ANDREWS: For the record, please provide the tonnage and revenue figures by commodity for the past four calendar years, and your estimate for calendar years 1985 and 1986. (pg 504 and 505 of last years hearing)

ANSWER:

	<u>Actual Tonnage Calendar Years</u>					
	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
Grain	24.45	24.25	24.26	23.51	24.00	24.82
Coal	1.69	1.15	0.35	.45	.60	.62
Iron Ore	12.93	7.43	10.28	11.40	11.50	11.89
General	2.97	2.84	2.90	4.94	4.80	4.96
All Other	<u>8.53</u>	<u>7.15</u>	<u>7.27</u>	<u>7.15</u>	<u>7.45</u>	<u>7.71</u>
Total	50.57	42.82	45.06	47.45	48.35	50.00
Shipping Tolls	10.03	9.71	10.60	11.97	11.80	12.00

SENATOR ANDREWS: Please update the tables that appear on page 498 thru 500 of the Senate Hearings Report 98-1034, Part I, for fiscal year 1985.

ANSWER:

MONTREAL - LAKE ONTARIO SECTION
SELECTED COMMODITIES
(Cargo Tons)

Table 6

Year	Selected Agricultural Commodities				Rye, Oats and Flaxseed
	Wheat	Barley	Corn	Soybeans	
1959	3,150,390	1,038,242	861,333	199,068	994,231
1960	3,496,220	1,068,257	999,585	514,333	820,427
1961	5,915,813	628,431	1,452,938	485,478	628,956
1962	4,448,630	997,449	1,984,651	695,245	1,272,384
1963	6,607,310	1,008,338	2,405,710	604,663	1,025,376
1964	8,336,916	1,105,602	2,917,700	896,797	857,603
1965	7,844,269	1,199,612	3,324,709	1,218,352	1,170,155
1966	10,152,587	1,149,047	3,073,970	1,115,759	1,337,351
1967	3,469,422	1,266,882	1,881,877	817,395	877,073
1968	5,960,839	541,212	2,877,378	1,194,399	638,530
1969	4,441,733	703,158	3,101,470	1,485,061	635,185
1970	7,421,675	3,611,144	2,616,013	2,252,787	878,708
1971	8,537,731	3,437,814	3,071,460	2,635,720	975,713
1972	9,690,093	4,026,974	3,304,533	1,464,748	1,023,180
1973	10,357,508	3,207,928	3,558,697	1,502,585	1,724,966
1974	7,803,650	1,502,449	2,575,077	918,595	873,241
1975	11,262,229	2,231,873	2,907,968	1,157,397	766,651
1976	8,516,586	2,958,210	4,103,095	1,098,869	864,201
1977	11,488,091	2,857,198	3,840,894	1,378,539	822,402
1978	14,050,681	2,533,010	6,454,239	2,201,723	577,779
1979	10,015,187	3,198,940	7,088,033	1,456,072	662,855
1980	13,743,536	2,075,165	6,518,482	1,295,041	1,054,730
1981	11,922,095	2,949,190	5,075,126	1,542,048	836,476
1982	13,881,092	3,204,032	3,752,675	1,047,779	682,713
1983	15,609,328	3,706,243	2,767,967	300,779	626,191
1984	15,917,622	2,397,722	2,771,791	898,514	306,987

MONTREAL - LAKE ONTARIO SECTION
SELECTED COMMODITIES
(Cargo Tons)

Table 6 (con't)

Selected Mine and Manufactured Commodities						
Coal & Coke	Iron Ore	Stone, Sand & Gravel	Salt	Fuel Oil	Manufactured Iron & Steel	% of Total
1,094,591	5,620,221	11,695	94,393	1,030,688	417,426	59.0
1,008,006	3,914,894	20,597	110,961	1,068,389	734,628	54.8
1,201,340	3,644,391	12,286	126,136	1,001,216	531,991	54.1
1,267,938	5,456,524	10,755	166,030	1,124,869	756,996	58.4
1,089,800	7,401,968	3,476	195,105	1,165,184	874,295	63.9
941,726	11,029,051	7,647	219,304	1,367,898	1,233,107	71.1
1,113,186	11,588,329	15,338	320,126	1,721,317	2,995,840	73.0
1,311,171	14,067,088	17,633	398,094	1,891,905	2,781,194	74.5
1,245,121	14,879,992	17,604	441,992	1,901,558	3,179,539	64.9
1,338,014	16,258,430	36,878	523,097	1,932,069	4,977,778	75.6
912,934	10,568,053	37,213	351,215	2,396,263	4,068,588	66.8
747,115	13,715,305	6,985	420,859	2,919,702	4,031,795	85.6
773,008	12,181,176	41,210	462,775	2,299,114	5,636,261	80.8
784,033	11,370,116	9,834	806,409	2,929,356	5,210,502	82.9
991,312	14,235,151	27,899	819,829	3,432,738	3,958,329	84.7
1,365,728	12,964,996	46,119	811,864	1,813,742	3,270,724	89.3
1,231,411	13,159,321	82,736	779,557	1,770,019	2,236,289	85.2
1,966,384	18,629,321	82,733	752,355	1,360,776	3,026,246	89.9
2,241,973	20,205,283	127,235	783,679	2,015,026	4,972,898	93.5
3,427,038	13,542,178	122,679	746,982	1,887,976	3,588,819	83.8
2,820,401	14,817,154	404,569	833,813	2,326,932	3,107,744	85.4
1,626,942	11,005,222	217,941	782,430	1,563,431	2,084,713	84.9
2,527,798	12,926,853	65,929	1,134,948	1,838,507	2,905,186	86.5
1,834,463	7,430,414	36,264	714,901	1,002,035	2,790,012	85.0
988,212	10,280,210	55,729	878,535	936,121	2,896,137	86.7
1,246,010	11,421,521	124,294	818,931	745,378	3,552,873	84.6

QUESTIONS SUBMITTED BY SENATOR KASTEN

SENATOR KASTEN: Administrator Emery, how can we continue to increase shipping on the Great Lakes and the St. Lawrence Seaway without further reductions in tolls? Is the freeze on Seaway tolls the only way to increase the vitality and viability of these great waterways?

ANSWER: Shipping on the Great Lakes Seaway System can be increased by obtaining a fair share of Department of Defense cargo for the system and by actively marketing the entire system.

Last year the Seaway Corporation created an Office of Trade and Traffic Development. Along with efforts by the private sector and state and local officials, the Office of Trade and Traffic Development will work to increase the vitality of the Seaway.

SENATOR KASTEN: What can be done to improve the shipping of DOD procured cargo that is manufactured in the Midwest out of Great Lakes Ports?

ANSWER: Presently, the Great Lakes Seaway system moves less than one tenth of one percent of DOD shipments. During the 1985 shipping season, three U.S. flag carriers will be available to move DOD cargo on the Great Lakes Seaway system. Presumably, the Congress could direct DOD to use the Seaway route for a larger share of the shipments.

QUESTIONS SUBMITTED BY SENATOR CHILES

SENATOR CHILES: Last year you told us a 10 percent fare increase would be discussed during the Summer of 1984 with the Canadians. Has the Corporation decided to increase fares during 1985 and 1986? If not, why not?

ANSWER: Seaway tolls will not increase during the 1985 shipping season. The reason for freezing tolls at the 1983 level is to encourage shippers to use the Seaway system.

The 1986 toll structure will be discussed with the Canadians this summer. Until the discussions take place, we cannot predict the 1986 toll level.

SENATOR CHILES: The Committee understands that the Corporation agreed with the Canadians to reduce the U.S. share of toll revenues that we receive from the Montreal to Lake Ontario portion of the operation from 29 to 27 percent of the total. Is this correct? If so, why?

ANSWER: Yes, the U.S. share for the 1985 shipping season will be 27 percent of the total.

We were willing to accept a lower percent of the tolls in order to avoid a toll increase. The Canadians insisted that they required increased revenues to fund their operating and capital deficits.

SENATOR CHILES: What kind of precedent does this establish for future U.S.-Canadian negotiations?

ANSWER: We believe that by accommodating the Canadians' needs we have established a positive working relationship and emphasized our desire to hold down tolls. Hopefully, the Canadians will be willing to accommodate us in the future should the situation be reversed.

SENATOR CHILES: For each of the locks, please provide a table that shows the U.S. and Canadian share of toll receipts.

ANSWER: The Montreal to Lake Ontario section of the Seaway contains seven locks (2 U.S. and 5 Canadian). The Welland Canal section contains 8 Canadian locks. Normally, tolls are charged for a full transit. If a partial transit takes place, 15 percent per lock is charged for the Montreal to Lake Ontario section and 13 percent per lock for the Welland Canal.

1984 Toll Receipts
(In millions of \$)

	<u>U.S. Currency</u>	<u>Canadian Currency</u>
Montreal to Lake Ontario	11.97	29.64
Welland Canal	--	30.03

SENATOR CHILES: The Committee has been informed that the Seaway has \$39.2 million of extraordinary costs to repair the Snell and Eisenhower Locks. Has the Corporation assumed responsibility for this work or does the Corporation take the position that this is an Army Corps of Engineering responsibility?

ANSWER: Since the Army Corps of Engineers was responsible for the original construction work on the locks and the need for repairs can be traced to the work supervised by the Corps, we believe the Corps should undertake the repairs.

SENATOR CHILES: How much borrowing authority does the Corporation currently have?

ANSWER: The Corporation has \$3.2 million in borrowing authority.

SENATOR CHILES: Should the Corporation's borrowing authority be increased to accommodate the extraordinary repair work now required on the Eisenhower and Snell Locks? If not, why not?

ANSWER: Increasing the borrowing authority is an option for financing the repairs.

SENATOR CHILES: If the Corporation borrowed the needed funds, could the debt be retired with toll receipts and, therefore, avoid the need for directly appropriated funds? If not, why not?

ANSWER: Yes, but it could be necessary to increase tolls to pay back the rehabilitation costs.

SUBCOMMITTEE RECESS

Senator ANDREWS. The committee will now stand in recess until Wednesday, March 20, when we will hear the Federal Railroad Administration and the National Railroad Passenger Corporation.

[Whereupon, at 2:19 p.m., Thursday, March 7, the subcommittee was recessed to reconvene at 9:30 a.m., Wednesday, March 20, 1985.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

TUESDAY, MARCH 19, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 9:32 a.m. in room SD-138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Present: Senators Andrews, Kasten, Chiles, and Lautenberg.

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

STATEMENT OF JOHN H. RILEY, ADMINISTRATOR, FEDERAL RAILROAD ADMINISTRATION

ACCOMPANIED BY LOUIS S. THOMPSON, ASSOCIATE ADMINISTRATOR FOR PASSENGER AND FREIGHT SERVICE, FEDERAL RAILROAD ADMINISTRATION

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF W. GRAHAM CLAYTOR, PRESIDENT AND CHAIRMAN, AMTRAK

ACCOMPANIED BY:

DON BRAZIER, GROUP VICE PRESIDENT, FINANCE AND ADMINISTRATION, AMTRAK

JAMES H. ENGLISH, VICE PRESIDENT, GOVERNMENTAL AFFAIRS, AMTRAK

OPENING REMARKS

Senator ANDREWS. The subcommittee will come to order. Today we are going to hear from the Federal Railroad Administration and Amtrak.

Gentlemen, let me assure you and the people who are backing you up today, that what this committee has to do in its capacity of appropriating is find out just what the cost figures are. Maybe I am this way because I just came off 10 days on the Budget Committee, but I don't think so.

We know that this is a very controversial issue: discontinuance of Amtrak. You also know that after a lot of late-night sessions, the Budget Committee has come up with a recommendation of \$400 million for Amtrak. We also know that we have heard a number of different figures. We have been told that if Amtrak is shut down, there is a \$2.1 billion payment necessary to the employees. We have been told that Amtrak is very costly because it costs \$35 per passenger in Government subsidy, but we found out from our research that there is a \$39 subsidy in every airline ticket that is purchased.

So we have had a number of conflicting statements on how cost-effective shutting down Amtrak is. We also understand in the Amtrak budget there is \$150-plus million that is used for maintenance of track that is also shared by various mass transit systems up and down the Northeast corridor. This would have to be taken out of some other Federal fund or loaded back on those cities if that were not done.

We also have information that Amtrak—and I would like for you to speak to this—that Amtrak carries 17,000 passengers daily in the Washington-New York-Boston corridor. And this subcommittee, if those people are forced off the rails and onto airplanes, would have to go find additional airport construction money. We would have to find out how we can let that many more airplanes into this already crowded airspace, and the impact that we would have there.

So there are a number of fallouts that come from eliminating Amtrak. What we would like to do today in this hearing is to ascertain just what the facts actually are so that we can do our job based on what we have to work with after the Budget Committee and the Senate as a whole works its will.

So, with that as preface—I know, Mr. Riley, under the rules of the game I can ask you what budget figure you submitted for Amtrak which will show your true feelings. You are a loyal officer of the administration and you have to go along with their figures. We will go through all of that, but the main thing we want to do is to establish as factual a record as we can, so all this slip-sliding, duck-around-the-end kind of stuff gets out and we are dealing with cold, hard facts.

I probably might say that I am a little prejudiced, based on the figures that I have gotten. I am also prejudiced based on the progress that Amtrak is making. But I am not going to let my prejudice bias me too much, and if I am too prejudiced, there are eight other members of this committee, and I am only one vote out of nine.

But what our main challenge is is to make the best possible record we can so that we do have a factual record to go on.

OPENING STATEMENT FROM SENATOR CHILES

I would like to insert at this point in the hearing record an opening statement from Senator Chiles.

[The statement follows:]

OPENING STATEMENT OF SENATOR CHILES

I would also like to welcome Graham Claytor, President of Amtrak, and John Riley, Administrator of the Federal Railroad Administration to this morning's hearings.

Publicly, at least, I expect that our two witnesses will have different views on the proposed termination of Amtrak and I look forward to hearing the exchange on this subject.

It is my view that elimination of Amtrak would be shortsighted. Not only does Amtrak play a national defense role during times of war in moving our troops, but I know of no modern developed country in the world today that does not have a passenger rail system. It seems to me that once we terminate Amtrak and dispose of its assets, it will be extremely difficult to bring it back at some future time.

Senator ANDREWS. Mr. Riley, we would be glad to hear your opening statement. You can summarize it in any way you wish, and you can be assured that it will appear in the record in its entirety.

STATEMENT OF JOHN H. RILEY

Mr. RILEY. Well, Senator, let me simply say that I understand you have some time constraints this morning, and I would be prepared to cooperate with those restraints by just passing my—

Senator ANDREWS. I have some time constraints. I have a little problem with HUD and I have to go down and see Secretary Pierce about 10:10, but I am sure there will be other hale and hearty members of this subcommittee that will be more than willing to take the gavel and ask you questions in my very brief absence.

Mr. RILEY. What I will do, Senator—

Senator ANDREWS. In fact, you might be very relieved to have them instead of me. [Laughter.]

Mr. RILEY. Senator, I said to someone this morning, I feel a little bit like the lobster does before getting into the pot, but I would be glad to waive my opening statement so you can have more time before you have to leave.

Senator ANDREWS. Thank you very much, Mr. Riley.

[The statement follows:]

STATEMENT OF JOHN H. RILEY

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to present the Federal Railroad Administration's (FRA) budget request for Fiscal Year 1986.

Since our meeting this time last year, President Reagan, following reelection to his second term, has challenged his Cabinet officers and the Congress to make significant reductions in the massive Federal deficits that threaten the future economic stability of our nation. My FY 1986 budget request responds to this urgent national concern while continuing FRA's commitment to maintaining a safe, efficient, and essential rail transportation system.

Before reviewing the specific budget requests, I would like to highlight FRA's accomplishments, recent activities, and policy and program priorities for the next fiscal year.

FISCAL RESTRAINT

As evidenced by the trend of decreasing appropriations for FRA since FY 1979, its peak year, the time for Federal financial assistance to the railroads is coming to an end as the industry becomes healthier and more competitive. Budget authority (including Amtrak but excluding non-recurring valuation settlements and Amtrak default) has been reduced 50 percent, from the historical peak level of \$1.6 billion in FY 1979 to \$811 million in FY 1985. The number of FRA positions (excluding the Alaska Railroad) has declined by 30

percent, from 970 employees in FY 1979 to a projected 679 employees in FY 1985. FY 1986 continues this downward trend by eliminating Federal subsidies and grants to the railroads. Regional, state and local authorities, together with private sector financing, will be taking the place of Federal funding to meet specific needs.

RAIL DEREGULATION

Prior to the Staggers Rail Act of 1980, major segments of the railroad industry could not raise enough money from operations to invest in needed track and equipment maintenance or to modernize its rolling stock. Through deregulation, the industry has experienced a renaissance in profitability, marked by innovative, competitive services and a significant increase in market share for the first time in four decades. FRA will continue to urge a balanced implementation of deregulation that equitably benefits both shippers and carriers.

REREGULATION

If minor changes are necessary to the Staggers Act, the Interstate Commerce Commission (ICC) is the proper body to make them, and it has indicated that it is willing to modify its implementation in light of persuasive evidence. There is no need for any amendments to the Staggers Act. To date, the ICC's implementation has balanced the needs of both shippers and carriers, and the results show that both groups have benefited. Rail traffic levels have increased and industry finances have improved. Rates have, on average, risen only enough to cover inflation and in many cases increased

efficiency has held rate increases to below the factor of cost increases. The ICC's proposed standards for maximum rates are practical and realistic. They ensure that a shipper captive to a railroad will be protected from an abuse of market power, and will not be required to subsidize other, non-captive, traffic. The ICC has withdrawn the rail industry's anti-trust immunity to decide most rate and service issues collectively. Railroads are now required to act independently in almost all circumstances, and intramodal competition has increased significantly as a result. The ICC is now considering a proposal submitted by the Association of American Railroads and the National Industrial Transportation League that would set up stricter criteria for joint rate and reciprocal switching cancellations.

RAILROAD RESTRUCTURING

Historic changes have occurred and are taking place in the railroad industry to ensure more efficient and direct routings, and as a consequence, better service for the nation's shippers and communities. Since 1980, the ICC has approved four major rail consolidations that now offer more efficient long-haul services. These mergers are: Burlington Northern-Frisco (BN), Norfolk and Western-Southern (Norfolk Southern), Chessie-Seaboard (CSX), and Union Pacific-Missouri Pacific-Western Pacific (UPS). Other pending mergers involve the Southern Pacific and Santa Fe, the proposed acquisition of the bankrupt Milwaukee Road, and our proposed sale of Conrail to the Norfolk Southern.

Smaller-scale restructurings have also occurred and will continue to serve a vital and growing role in improving the nation's rail capacity in future years. FRA was instrumental in the acquisition of the Delaware and Hudson Railroad by Guilford Transportation Industries, Inc., the transfer of the Alaska Railroad to the State of Alaska, as well as in preserving rail services for shippers and local communities on light density lines abandoned by major carriers. This "second tier" of shortline and regional railroads feed and supplement the larger railroad operations and are critical to the transitions now taking place in our national transportation system.

RAIL SAFETY

Projections based on preliminary data for the first eleven months of 1984 indicate that train accidents decreased approximately one percent in 1984 compared to 1983, from 3,776 to 3,739. When normalized by train miles, which increased by 7.1 percent, the decrease in train accidents was 7.4 percent. We are concerned, however, that these preliminary figures indicate total rail related fatalities have increased 16.3 percent from 1,073 in 1983 to 1,248 in 1984, an increase of 175. Of this increase, 72 were due to grade crossing related fatalities and 100 due to trespasser fatalities.

To try to counteract such occurrences, FRA's field support of Operation Lifesaver, a public education program which focuses on grade crossing safety, has been fully implemented; FRA inspectors will participate in over 1,200 Operation Lifesaver presentations in 1985. As part of these

Operation Lifesaver presentations, FRA personnel are informing school and civic group audiences about the dangers of trespassing on railroad property. Also, FRA and FHWA are working together to illustrate the efficacy of low-cost approaches for improving the safety of low volume crossings that will never merit the major expense of automated train activated warning devices.

Despite these ongoing efforts, rail-highway grade crossing and trespasser related fatalities continue to comprise over 90 percent of all railroad related fatalities and, as previously explained, accounted for nearly the entire increase in railroad fatalities in 1984. FRA's continuing concern about public safety at rail-highway grade crossings, therefore, prompted us to hold public hearings in July 1984 and January 1985 to explore all feasible alternatives to improve this situation. We are analyzing the comments to determine whether any regulatory action or additional non-regulatory actions are appropriate.

Railroad employees comprise the majority of the remaining railroad related fatalities. The number of railroad employee fatalities decreased from 61 in 1983 to 59 in 1984.

Although preliminary numbers for 1984 indicate a leveling off in the overall railroad safety statistics, the improvement in the railroad industry safety record over the past five years has been exceptional. Between 1980 and 1984, train accidents decreased 55.8 percent (46.9 when normalized by train miles); railroad injuries declined 37.1 percent;

railroad fatalities were reduced 11.9 percent; and grade crossing accidents declined 24.5 percent.

One of the major reasons for this progress in safety performance is the renewed profitability of the railroad industry. Economic deregulation has brought added cash flow and increased investments in track maintenance and new equipment that has assured safety operations for railroad employees, shippers, and the public. Another factor--equally important--has been FRA's improved capabilities in safety regulation and enforcement, and in our redefined research and development efforts on safety-related projects.

On the enforcement side, FRA's field personnel have increased from 295 safety inspectors in 1980 to the current level of 325 and the total number of track, signal, equipment, hazardous materials and operating practices inspections increased over 60 percent compared to 1980. In addition, FRA achieved more effective coordination of Federal and state inspection activities and supplemented ongoing inspections through comprehensive systemwide assessments of selected railroads.

Concurrent with our enhanced enforcement, FRA initiated an extensive review of rail safety legislation, regulations, and rulemaking procedures. This effort has led to revised and new regulations concerning: track safety standards; power brake regulations; signal and train control rules; and the retrofit of hazardous materials tank cars.

During 1984, FRA issued a Notice of Proposed Rulemaking on alcohol and drug use in railroad operations; published a final rule to protect trainmen coupling airhoses in hump yards; published a final rule to revise FRA's noise enforcement procedures to encompass the rail noise standards published by EPA; published a final rule to modify the existing Track Safety Standards to include 384 miles of track used for commuter and other short haul passenger service; and, as explained earlier initiated a Special Safety Inquiry to obtain information from the public to assist in evaluating possible future courses of action to enhance public safety at rail-highway crossings.

In addition to the grade crossing inquiries, FRA has seven other regulatory projects in progress to improve our safety regulatory program. In 1985 we will issue a final rule concerning alcohol and drug use by railroad employees. We are also analyzing the need for four amendments to existing rules to respond to the implications of operating freight trains without cabooses. These possible amendments concern:

- (a) the use of radio telemetry in lieu of visual observations of brake operations;
- (b) expansion of the inspection force to inspect rear of train marker devices;
- (c) proper protection of these new inspectors; and
- (d) precluding the placement of cars containing volatile hazardous materials as the last car in a train.

In addition, FRA will hold formal safety inquiries on the issues of radio communications, and crew safety in locomotives.

AMTRAK

While I have the greatest respect for Graham Claytor, his staff and organization and the fine job he has done at Amtrak, the time has come when the President's budget decisions must be structured in terms of the strictest national needs. Those programs which do not serve the nation as a whole must be paid for by the interests they primarily or specifically serve. As Secretary Dole testified before you in February, where there is a demand for service, a carrier will provide it. The Secretary has requested me and other members of her staff to begin discussions with Amtrak, rail passenger groups, state and local authorities and private interests to continue service. We have barely begun this task but have already identified a number of possible options. I will keep the Committee informed of our progress so that you may have these facts prior to the Subcommittee markup.

CONRAIL

Since this Committee has set aside April 4 as the hearing date including testimony from representatives of the United States Railway Association, Conrail and the Department, I will briefly say that I can add no more at this point to what the Secretary has already said in her testimony before you. We have had a number of Congressional hearings on Conrail since her testimony and briefed many members of

both Houses. However, I will be happy to answer any questions the Committee members may ask on this subject during this hearing.

I will now outline my budget request for FY 1986 by appropriation.

FY 1986 BUDGET REQUEST

My FY 1986 budget request is \$53,624,000 in budget authority and 656 permanent positions in support of my continuing commitment to maintain a safe and efficient national rail system. This is a reduction of \$757,150,000 in budget authority from FY 1985 levels (including supplementals and rescissions), primarily attributable to the proposed termination of Amtrak and other Federal rail subsidy programs. The proposed FY 1986 staffing level is a net reduction of 23 positions from our FY 1985 level. The budget also reflects the transfer of the Alaska Railroad to the State of Alaska, which formally occurred on January 5, 1985.

OFFICE OF THE ADMINISTRATOR

In FY 1986, FRA is requesting \$10,287,000 and 161 permanent positions for the appropriation account for the Office of the Administrator. This is a net reduction of \$313,000 from comparable FY 1985 levels, including the proposed rescission, and is largely attributable to the proposed Government-wide pay cuts and the planned Government-wide reductions in administrative expenses. The staffing reductions will affect seven permanent positions in

the Immediate Office of the Administrator (1), Office of Chief Counsel (2), and Office of Administration (4). These reductions will be accomplished through attrition.

This appropriation request will enable FRA's Office of Policy to continue its critical roles in the development of Federal policies to promote the railroad mode within the private transportation sector. During FY 1986, major activities are expected to include: oversight of Conrail operations to ensure compliance with all covenants of the sale agreement and legislative mandates; participation in Interstate Commerce Commission proceedings and legislative initiatives concerning railroad rate regulation; continuous monitoring of the railroad industry to assess possible structural changes; and special reviews and evaluations of major FRA programs, including R&D and safety activities. The one area of increased funding support will permit the development of improved graphic representation of rail traffic densities used in a variety of industry studies.

RAILROAD SAFETY

The FY 1986 budget continues to emphasize safety as FRA's primary mission with enhanced resources to further improve our capabilities in regulatory and enforcement activities. We are requesting \$27,267,000 in budget authority and 449 permanent positions for the Railroad Safety appropriation, a net increase of \$1,346,000 and an additional four positions over FY 1985 levels including the supplemental and rescission. My request will increase field personnel to 385 positions, continue operation and maintenance of one automated inspection vehicle (T-10) over 27,000 miles of

track, and upgrade accident and regulatory analysis capabilities. Although FRA proposes to eliminate the Federal cost-sharing portion of the State inspection program, we will continue to train state inspectors and coordinate state inspection plans with national priorities. In FY 1986 I will continue such techniques as the systemwide and task force assessments to address safety problems of a systemic nature. We are proceeding on phase two of a contract which will enable us to assess high risk areas and deploy our inspector resources more effectively.

Federal enforcement of railroad safety regulations and standards had undergone extensive adjustments over the past four years to accommodate dramatic changes in the industry brought about by economic deregulation and system restructuring. These organizational and technological changes in industry operations have created new demands on FRA field offices, such as the National Inspection Plan, Systems Inspections, Safety Conferences with railroad management and labor representatives, and special training and counseling programs. So that we may manage these additional demands more effectively, FRA is requesting additional positions for five Deputy Regional Directors and one training specialist in alcohol and drug abuse. The new regional positions will be partially offset by a reduction of two headquarters clerical positions.

RAILROAD RESEARCH AND DEVELOPMENT

For FY 1986, \$10,384,000 and 15 permanent positions are requested for the Railroad Research and Development

appropriation account, a net reduction of \$4,971,000 from the FY 1985 budget authority (including the proposed rescission) and no change in our current staffing level. The funding level will be supported with approximately \$4.6 million of carryover funds from prior years, savings achieved through our efforts to reduce costs and improve efficiency of operations. The proposed funding will enable FRA to continue support of safety rulemaking activities with critically needed research in track, equipment, operations, hazardous materials, and track-train testing.

The recent gains in railroad safety present FRA with challenges and opportunities to target its resources on evolving new technologies and more sophisticated railroad operations of the 1980's. We will continue to work closely with the industry to anticipate and mitigate threats to public safety in advance of the occurrence of potentially catastrophic accidents. Our current and planned research in areas such as nuclear waste casks, hazardous material tank cars, wheel safety testing, vehicle safety testing, and emergency response procedures, are prime examples of the new direction we have taken in our R&D program. Where such research yields a collateral economic benefit for the railroad industry, we have worked with the industry and the Association of American Railroads to bear a share of project expenses.

RAIL SERVICE ASSISTANCE

My FY 1986 budget request for Rail Service Assistance is \$5,686,000 in budget authority and 31 permanent positions, a reduction of \$26,075,000 and a net decrease of 13 permanent

positions from FY 1985 levels (including the rescission). The funding provides \$4,620,000 for rental, maintenance, and security costs of the Washington Union Station facility, which will continue to be required until the complex is fully renovated and becomes self-sufficient. The remaining balance of \$1,066,000 together with \$1.3 million in carryover funds will finance salaries and expenses for staff positions in the offices of Freight and Passenger Services and the Executive Director.

Twenty positions are being reduced commensurate with the abolishment of programs or reduction in workload in Labor Management (4), Freight and Passenger Services (15) and Executive Director (1). The decrease is partially offset by the transfer of seven positions into this account previously funded by the Northeast Corridor Improvement Program. These positions will continue to monitor the work on the Northeast Corridor.

FY 1985 SUPPLEMENTALS

Our budget request also includes supplemental appropriations to settle obligations with the U.S. Treasury and three program transfers among FRA and DOT appropriations:

- \$60,281,000 to repay Treasury for borrowings used to liquidate a default by USRA on a loan made to the Delaware and Hudson Railroad, and \$8,651,000 for interest payments on the borrowed money;

- \$4,223,000 to repay Treasury for borrowings used to liquidate the settlement paid to the New England Railway Company for properties transferred to Conrail in 1976, and \$105,000 for interest payments on the borrowing;
- \$413,000 from the Rail Service Assistance appropriation to cover the cost of pay increases in the Office of the Administrator and Railroad Safety accounts in FRA;
- \$30 million from the Northeast Corridor appropriation to cover pay increases for the Federal Aviation Administration (\$22 million) and U.S. Coast Guard (\$8 million);
- \$7.2 million from Redeemable Preference Shares to the National Highway Traffic Safety Administration for the National Occupant Protection Program.

FY 1985 RESCISSIONS

The final item in my request involves five appropriations and relates to the congressionally proposed savings to be achieved in management categories pursuant to section 2901 of the Deficit Reduction Act of 1984. The total reduction is \$700,000 from the following appropriations: Office of the Administrator \$100,000; Railroad Safety \$140,000; Railroad Research and Development \$170,000; Rail Service Assistance \$90,000; and Northeast Corridor Improvement Program \$200,000.

Mr. Chairman, I will be happy to answer any questions that the Subcommittee may have on our budget requests.

GRAHAM CLAYTOR OPENING REMARKS

Senator ANDREWS. Mr. Claytor, we would be glad to hear from you. The only trouble is, I think questions are going to doubletrack between the two of you. I would like to get both opening statements on the record and then if we ask a question of one of you and there is a comment or a suggestion or a change from the other, I would like to get some interface here between you so that we are sure that no one is cut off. For that reason, I would like to go to your statement, Mr. Claytor.

STATEMENT SUMMARIZED

Mr. CLAYTOR. Mr. Chairman, first I would like to have my testimony placed in the record, as submitted.

Senator ANDREWS. It will be in the record in its entirety.

Mr. CLAYTOR. Of course, to me, this is the most important session that I have ever had before your illustrious committee because the question is the life or death question of whether Amtrak should be given the opportunity to continue to improve its service and financial performance, or whether it should be terminated and scrapped.

I will waive most of my opening statement because everything I have to say is in my prepared statement, but I do want to emphasize that a zero budget inevitably will require Amtrak to be liquidated. And if Amtrak stops service on October 1, that will trigger \$2.1 billion in labor protection which makes Amtrak immediately insolvent, with all the consequences that the chairman has mentioned.

Those figures, the \$2.1 billion, are not just theoretical figures for labor protection. Actually, if one just took the labor protection, which is 25,000 employees times 6 years of pay, which is the maximum allowed, it would be more like \$4 or \$5 billion.

The \$2.1 billion is computed by Amtrak's actual experience with trains that it has taken off over a 14-year period. Our experience has been that about 80 percent of the maximum amount will be paid the first year, about 60 percent the second year, and on down, a lesser percent, all the way to the sixth year.

That is the way we computed the \$2.1 billion. It is not a theoretical figure; it is on the basis of actual experience, what we would have to pay. I do not think there can be any question that the zero budget would put us out of business.

A budget cut of as much as 30 percent, which is proposed by Senate Budget Committee for the first year, would do the same thing because the only way Amtrak could operate with that type of budget cut is to discontinue service. When you discontinue service, you trigger the labor protection for that service, which uses up about 80 to 90 percent of the savings that would result from taking the losing service off.

And so we are caught in a catch-22 situation, and either a substantial cut or a zero budget would put Amtrak out of business. And I think that is the essence of my opening statement, Mr. Chairman.

Senator ANDREWS. Thank you very much, Mr. Claytor.

[The statement follows:]

STATEMENT OF W. GRAHAM CLAYTOR, JR.

My name is W. Graham Claytor, Jr. I am President and Chairman of the Board of the National Railroad Passenger Corporation (AMTRAK). I appreciate the opportunity to appear before you to discuss the corporation's budget for Fiscal Year 1986.

Those of you who follow Amtrak know that we have made significant progress toward reducing our costs while improving service. We are operating at a high rate of efficiency, and I believe we can do even better. Unfortunately, the Administration's budget proposal for Amtrak would result in the permanent and irrevocable termination of all Amtrak service. If the reward for our gains is termination, there will be no reason for other recipients of federal funds to strive to achieve the efficiency levels that we have attained.

All of us in this room recognize the need to balance the federal budget. Frankly, I think it is unfair to place almost the entire burden of transportation cuts on public transportation -- Amtrak and mass transit. We are suggesting that Congress freeze Amtrak at last year's level of \$684 million, which was the lowest appropriation we have had since 1977. The Administration's proposal to eliminate funding for Amtrak is not justifiable in light of the effectiveness of the program or the value of the service Amtrak provides. In fact, if every federally funded program were operating below its FY 1978 funding level, the Congress would not now be forced to debate such draconian measures to reduce the federal deficit.

A zero budget for Amtrak is quite different from most other proposed cuts in that it takes an organization with a \$3 billion investment that has taken 14 years to build, a going concern with 25,000 employees, and permanently wipes it out. Most of the other

cuts simply suspend programs by not adding new facilities, or pause in the middle of programs and hold the line until, perhaps at some future time, they can be restored or expanded. But with Amtrak, the whole investment and the entire operation is eliminated once and for all. This is an irreversible decision -- we would never be able to bring passenger service back again. I think that I can show that it would not in the end save money, but would lose more than it saves in pure economic terms, wholly aside from consideration of the needed services. I will try to go into that point in some detail.

First of all, we have over \$3 billion of investment in Amtrak after depreciation, much of which is just now being completed. For example, \$2 billion has been put into the Northeast Corridor alone, with new equipment, new locomotives, and new facilities that are among the most efficient shops for passenger service in the world. We're just beginning to get the benefits of that investment. Our equipment would have relatively little market value if Amtrak were eliminated because its only use is for intercity passenger service. If there were no intercity passenger service, I believe our equipment and many of our facilities would have to be liquidated at approximately scrap value. Thus, although it would cost \$6 billion to \$9 billion today to reproduce Amtrak's assets, their liquidation value would be negligible. The proposed zero budget would utterly destroy a needed, going operation, and throw away most of the government's investment in Amtrak.

Amtrak has 21,000 employees. The railroads over which we operate provide an additional 4,200 employees. Thus, there are approximately 25,000 employees around the country, in 44 states, who would lose their jobs if Amtrak were terminated. Abandonment of intercity rail passenger service would trigger provisions of agreements entered into by Amtrak and its contract railroads at the direction of Congress to protect the interests of employees

adversely affected by train discontinuances. The labor protection payments that Amtrak was required by statute to commit to pay to displaced employees will come to approximately \$2.1 billion over a six-year period. So in addition to \$3 billion of investment that gets scrapped, a new liability of \$2.1 billion is assumed. In the first year, Amtrak's liability would be about \$645 million, which is actually more than our total grant for operations in FY 1985 and more than we are seeking for operations in FY 1986. In addition, the railroads over which we operate would be subject to an additional labor protection liability of about \$200 million over a six-year period.

There has been some talk that the government would not pay for this labor protection, and that Amtrak would just have to pay it out of its assets. The liquidation value of Amtrak's assets, of course, would be totally insufficient to pay \$2.1 billion of labor protection liability, quite apart from substantial other claims against, and administrative costs of, Amtrak's estate. As it becomes apparent just how little could be paid out of the estate, labor protection claimants and other creditors would turn to the only other source of funding -- the United States government. Congress created the promise to pay labor protection, thus encouraging employees to stay with an industry that had an uncertain beginning. If it then triggered the obligation to pay labor protection by voting to terminate Amtrak funding, and at the same time declined to give Amtrak the funds to carry out its commitment, I believe there would be very serious legal questions as to whether or not the government was liable for this obligation.

The same serious question would be raised if Congress tried to reduce the labor protection obligation at the same time it was enacting legislation leading to Amtrak's bankruptcy. It is quite clear that major litigation would commence once labor found that it could not recover these statutory benefits from Amtrak. The

government would probably end up paying the whole bill, and at a minimum, there would be a very undesirable confrontation between labor and Congress. The idea that this is not a problem for the government or for the budget is not realistic.

Regardless of whether or not the government is liable for labor protection, there is no question but that Amtrak would be. Amtrak cannot discontinue service without bringing these provisions into play. Consequently, termination of routes starts a domino effect as the labor protection costs for routes eliminated use up an ever-increasing portion of our budget. Suppose we take the five most expensive trains that we run. They are all long-haul trains with an operating loss of \$101 million. So we take the trains off and save \$101 million. The trouble is that the labor protection cost of laying those people off is \$81 million in the first year. So you don't save much money. For a \$20 million savings you eliminate five long distance trains which account for over one-fourth of all the passenger miles generated on the Amtrak system. The labor protection costs lock us in so that it is not possible for us to both cut back service and reduce our funding needs.

Amtrak will need about the same level of funding in the first few years with a substantial service cut, as we would if we operated the present system. This is a compelling reason why cutting back to a Northeast Corridor-only option, for example, is not feasible. If Amtrak discontinued all service except that in the Northeast Corridor, the nominal savings in operating loss and, therefore, in subsidy, would be \$362 million. The labor protection liability incurred by this service discontinuance, however, would be about \$1 billion, of which \$330 million would be payable in the first year. Accordingly, the actual savings in subsidy would amount to only \$32 million. The subsidy required to operate the Corridor is approximately \$250 million per year and we would need

about \$30 million for shut-down costs. This means that the fiscal year 1986 appropriation required to cover labor protection costs and operating losses on the Corridor would have to be at least \$607 million.

As a result of this "Catch 22" situation, a substantial cut in Amtrak's appropriation would render Amtrak insolvent and unable to operate any service at all to the same extent as would a "zero" budget. The Senate Budget Committee's proposal to cut Amtrak 30 percent in the first year, 43 percent in the second year, and 54 percent in the third year would not, as apparently intended, permit the gradual phasing down of Amtrak's operations, but would inevitably result in its immediate insolvency and the only responsible thing to do, would be to shut-down on October 1, 1985. The proposed reduced appropriation each year would provide more funds for satisfaction of labor protection liability and Amtrak's other debts, but would not permit continued operation of any service.

About half of Amtrak's passengers travel along the Northeast Corridor; the other half come from our largely long distance services that cover the whole country. We have some 24,000 route miles of railroad throughout the country, from coast to coast, with over 600 route miles in the Northeast Corridor. But Amtrak owns and operates the Corridor, which is the highest density and highest speed rail route in the United States. The government is just now completing an investment of over \$2 billion to make the Corridor one of the finest rail lines in the world. It is the only really high-speed line in either one of the Americas, and a line that is comparable in many ways to what the Japanese and the French have done with their dedicated all-passenger high-speed lines. As most of you know, we operate at a top speed of 120 mph over this section, with New York-Washington Metroliners scheduled to make the trip in 2 hours and 49 minutes, and doing so with an on-time record of over 90 percent.

New Jersey Transit has about 83,000 commuter trips per day that run into and out of New York City over the NEC through northern New Jersey. SEPTA, the Southeast Pennsylvania Transit Authority, has about 50,000 commuter trips a day that go in and out of Philadelphia over our lines. The Maryland Department of Transportation has almost 2,000 a day that go between Baltimore and Washington over that segment of the Corridor. Massachusetts Bay Transportation Authority has some 25,000 daily commuter trips that operate over lines that Amtrak maintains and dispatches between Boston and the Rhode Island State line. Four freight railroads use extensive portions of our right of way and operate over 90 through and local freight trains a day on the Corridor properties. Conrail serves 260 businesses on Amtrak-owned lines in the Northeast, and among its major customers are automobile plants such as those of Chrysler at Newark, Delaware with 3,100 employees, General Motors at Linden, New Jersey with 3,000 employees, and Ford at Metuchen, New Jersey with 2,500 employees.

Amtrak, of course, not only owns but also operates and maintains the Northeast Corridor. We actually enable it to function because we operate the signals, control dispatching, and employ all the tower operators who have to pass the trains from one segment of track to the other. In addition, we provide the daily maintenance needed to keep this multi-use rail line and its numerous complex interlockings in top shape, not only for our high-speed intercity service, but for freight and commuter traffic as well.

At the present time, all of the other users of the Corridor between New York and Washington including the Harrisburg line -- the commuter agencies, Conrail, and Delaware & Hudson -- pay Amtrak collectively \$53 million per year for the use of that segment of railroad. If Amtrak were to stop service, it would cost these users \$217 million to maintain and operate that part of our line in order to continue current commuter and freight operations. The

railroad cannot run without signals, without dispatchers, without tower operators, and without maintenance. These costs will have to be picked up by the remaining users. If we subtract the \$53 million they now pay, without Amtrak's operation there would be a net additional cost of \$164 million that would be the responsibility of the commuters and the freight railroads. Without these payments, all operations on the New York-Washington Corridor would stop when Amtrak goes out of business.

While the various freight and commuter railroads would probably never agree among themselves on how much of these payments each should make, our own view, based on actual experience with these operations, is that of the \$164 million about \$47 million should be allocated to New Jersey Transit, \$27 million to Southeast Pennsylvania Transit, just under \$2 million to Maryland, \$82 million to Conrail, and \$6 million to Delaware & Hudson. There's a similar problem on the New Haven to Boston segment, of course, but the management and operating costs there would be so high in proportion to freight volume that it is probable that the freight operators -- Conrail, Boston & Maine and Providence & Worcester -- would terminate freight service rather than continue to use that segment of the Corridor. This would, of course, adversely affect New England industries served by these freight railroads. In sum, a zero Amtrak budget creates almost \$200 million in costs that other users -- or the U.S. government -- will have to pay just to keep the other services running on the Corridor. That doesn't make any sense.

Amtrak carries 17,500 passengers a day between Washington, Baltimore, Wilmington, Philadelphia and New York. All the major airlines serving those cities together have only 12,000 passengers a day. In other words, we carry 46 percent more people than the airlines do along that corridor. Those 17,500 people are going to have to get to their destinations some way if Amtrak is not

running. Automobile and bus transportation for most of those business travellers is probably not a realistic alternative. About the only way business travellers could get from Wilmington or Philadelphia to New York or Washington without Amtrak would be by commuter airlines. If you take the 2,700 people a day who currently travel by Amtrak between New York/Newark and Washington, for example, and assume they switch to air, you will need 38 additional daily landings or takeoffs at Washington National Airport alone to accommodate these travellers. On an annual basis, National Airport would need to accommodate an additional million passengers, just for those people using Amtrak between the end points of New York/Newark and Washington, not counting those going to or from intermediate destinations.

In New York, the problem would be worse. The airports as well as the tunnels and bridges into New York City are frequently choked. With Amtrak gone, most of these passengers would ultimately have to go by air. Additional airport facilities and access roads would cost the federal government billions of dollars. The principal reason that the Northeast Corridor Improvement Project was put into place was that some farsighted people recognized a decade ago that existing transportation modes were having increasing difficulty moving people in this "megapolis" corridor, and that in 10 or 15 or 20 years it was going to be a much greater problem. They concluded that the only sensible option was improved rail passenger service. We now have that improved system in place, and it is working. In 1986, we will have nearly completed the Northeast Corridor Improvement Project after years of effort and more than \$2 billion of investment. This is no time to liquidate it.

But the Northeast Corridor is by no means the whole story. Amtrak is truly a nationwide rail passenger system. It has been stated that most of Amtrak's passengers are affluent and are not

going to be hurt by having to take other forms of transportation. While Northeast Corridor passengers are generally oriented towards business and relatively short-distance travel, and so are not too dissimilar in their breakdown of income and age to the people who fly, this is not true with respect to the rest of the country. Almost half of our customers are carried outside the Northeast Corridor and our long haul trains generate about 3.4 billion passenger miles, or about 75 percent of all the passenger miles in the Amtrak system. Forty-seven percent of our long-haul passengers have family incomes of under \$20,000 a year (The average U.S. family income is \$28,000 per year). Thirty-six percent of our long-haul passengers are 55 years old and over, and 21 percent are actually 65 and over. Our national system is heavily oriented to the poor and the older citizens.

When you get out into the far reaches of the country, along the Canadian border, for instance, where we run our Empire Builder, through the states of Montana, North Dakota, and northern Minnesota, there are cities where Amtrak is the only reliable public transportation available. We serve in the United States a total of over 500 communities. That's more communities than all the major airlines together serve, and a lot of those communities will never be served by airlines. One hundred and sixty-one communities served by Amtrak will have no air service upon termination of the present local commuter air services subsidy. Fifty-two Amtrak-served communities have no intercity bus service. Twenty-nine Amtrak-served communities have neither air nor bus service. We are providing an essential social service around the country to those communities without air or bus service, and even where air or bus service is available, Amtrak is the only service that can operate under extreme weather conditions.

Elimination of intercity rail passenger service also has serious implications for transportation in national emergencies, including that needed for national defense. Amtrak has in daily operation equipment offering almost 70,000 seats and 6,000 sleeping car berths, as well as requisite food service cars. We have been working closely on emergency plans with the Federal Emergency Management Agency (FEMA) as well as with the Army's Logistics staff at the Pentagon. In the event of a national crisis of any sort, Amtrak is in a position to make available almost immediately 75 percent of its total capacity, with the remainder becoming available within 48-72 hours. This capability will be totally lost if Amtrak is phased out.

There has been a much publicized statement that every time you get on an Amtrak train it costs the government \$35. This is a misleading and unfair statement unless you tell the whole story. If you take Amtrak's 1985 operating cost subsidy (\$640 million) and divide by 20 million annual passengers, you get a cost of \$32 a passenger. To this we must add loss of revenue to the government from any tax expenditures. On the basis of a survey made in the summer of 1983, about 20 percent of Amtrak's revenues are from business travellers who can deduct the cost of their tickets from taxable business income. The resulting loss of revenue to the government amounts to about \$46 million or \$2 per Amtrak passenger. That makes \$34 a passenger for both direct subsidy and tax revenue loss or tax expenditure, as it is usually called.

But we should also look at what happens with respect to air travellers. Typically 65 percent of the revenue on the major airlines is generated by business travellers. We found that to be the case by contacting two of the nation's largest air carriers. If you divided the approximately \$7 billion in lost revenue to the treasury due to business travel deductions on the major airlines by their total number of passengers, some 221 million, it comes to an

indirect subsidy of \$33 per airline passenger. This total is quite comparable to the total per passenger cost for Amtrak. To put this point another way, 80% of Amtrak's revenues are derived from passengers who use only their own money to pay for their tickets, while only 35% of airline revenue is from travellers who do so; for the other 65% of their revenues, the government pays almost half the fare through tax deductions.

In addition, in 1984 some \$2.6 billion from the general fund was used to pay for FAA operations including \$2.1 billion for the maintenance and operation of the air traffic control system. This air traffic control system permits all aircraft to fly and keeps them from running into each other. It is very comparable to the railroads' dispatching and signaling system, except that the dispatching and signaling system upon which Amtrak depends is all paid for by Amtrak. Furthermore, for 1984, 1985 and 1986 the government will have lost over a billion dollars in revenue because of the issuance of airport construction tax-free revenue bonds. While the airlines pay fees to the airports for using them, these fees are less because the cost of the airport has been reduced by this substantial tax break.

There are other indirect but expensive subsidies still going to commercial air transportation, such as \$516.2 million to NASA in 1982 (latest data available) for aeronautical research and technology, other than space technology. When all these and other indirect air subsidies are added to the \$33 per passenger tax expenditure, Amtrak's subsidy appears considerably smaller than that given to our competition.

Since 1971, all levels of government have spent \$424 billion on highways, \$46 billion of that in 1983 (latest available data). Not all of that \$46 billion came from motor fuel taxes, some \$8.9 billion in 1983 was obtained from general fund appropriations at

federal, state and local levels. In other words, Amtrak's smaller subsidy is a target because it is on top of the table and highly visible. It is grossly unfair to single it out for elimination while keeping larger but indirect and less visible air and highway subsidies intact. If they were eliminated, all transportation fares would increase, and Amtrak could cover a substantial portion or even all of its losses from its increased revenues.

It is ironic that the World Bank continues to stress the importance of railroads in developing countries through monetary assistance at a time when the United States is considering terminating all rail passenger services. During the last 15 years, the United States donated \$72 billion, about one-third of all donations, to the International Development Association (IDA) of the World Bank. The IDA provides 50-year interest free loans with 10 years' grace period to underdeveloped countries for transportation, agriculture and the like. India, Pakistan, Korea and other countries received \$2.5 billion of these soft loans for railroads with the U.S. portion totaling about \$837 million.

Congress should not fail to recognize the progress Amtrak has been making. In constant dollars our total appropriation for operating cost has declined 26.6 percent from 1981 to 1985. During the last several years Amtrak has consistently reduced its dependence on government support and has covered a significantly larger percentage of its total costs through the revenues it generates. Congress directed Amtrak to cover 50 percent of its costs by 1981 and we exceeded that goal. Amtrak's revenue-to-cost ratio has improved from 48 percent in 1978 to 58 percent in 1985 and the corporation's Fiscal Year 1986 budget assumes a revenue-to-cost ratio of at least 60 percent. We are going to continue this trend.

Amtrak was told by the Secretary of Transportation Drew Lewis three years ago that he was satisfied that this administration was committed to maintaining Amtrak permanently as long as it continued to improve its service, increase its revenues and decrease its costs. We've moved forward more than we or the Administration expected. But our progress has been lost in the shuffle. We're now threatened with being put out of business. I honestly believe that elimination of rail passenger service would result in greater costs to both the government and to our customers - the people of the United States - than anything that's going to be saved by eliminating our appropriation.

For FY 1985, we have \$684 million dollars as our total appropriation, the lowest we've had since 1977. We are asking for a freeze to keep the same budget, the same appropriation for next year, FY 1986, which means that it's really between a 4 and a 5 percent reduction since we will have to absorb inflation. An appropriation at this level will enable us to avoid cutting off trains with the resulting labor protection expense, and at the same time to continue to improve our revenue to expense ratio.

I am confident that a careful examination of the direct and indirect costs of eliminating Amtrak will make it plain that this would be an enormous disaster for our 20 million customers as well as both corridor and off-corridor communities that desperately need and use the service we promote, both directly through our intercity trains and indirectly through our operation and maintenance of the Northeast Corridor. We are providing a valuable service to our passengers and to the taxpayers. There are sound reasons for supporting Amtrak -- in terms of economics as well as transportation policy -- and there are extremely serious consequences to be faced if Amtrak's federal support is eliminated.

FUNDING REQUEST TO OMB

Senator ANDREWS. Mr. Riley, what funding level for Amtrak did the Secretary request in her request to OMB?

Mr. RILEY. Mr. Chairman, I can only tell you what funding level was involved in FRA's submission because we deal with the Secretary's office; we don't deal between the Department and OMB.

We submitted two funding levels. The first was \$765 million, which involves Amtrak at \$685 million operating and labor protection, plus capital at \$80 million. The second was \$608 million. That was the alternative figure that assumes several things: It assumes an updated baseline estimate of operating requirements; it assumes that Amtrak takes a 1-year capital holiday so you don't have capital funding that year; it assumes a wage freeze for the Amtrak system; and it also assumes full State funding of the 403(b) routes.

Now, Mr. Chairman, in fairness, let me say this. Those initial budget requests are very much agency wish lists, and they are prepared in isolation of national budget considerations and economic considerations. And I am sure if all of those numbers were added up, we would probably have a \$300 billion deficit.

But those were our original numbers, \$765 million from FRA, and \$608 million. And again, the difference between the two is no capital funding and a wage freeze.

Senator ANDREWS. And you asked for the \$608 million by postponing Amtrak's capital program?

Mr. RILEY. Yes. There are really three things in the \$608 million: One is a capital program freeze; the second is a salary freeze; and the third requires full State and local funding for 403 (b) and (d) trains. Those are the three elements.

Senator ANDREWS. What were the outyear levels that you requested?

Mr. RILEY. Mr. Chairman, I honestly can't tell you that; I have to yield to Mr. Thompson on that; that I worked on the economics of this year's budget. I do believe we straight-lined in the outyears, but I will stand corrected if I am wrong.

Let me submit that to the committee. If I come up with it here, I will tell you.

Senator ANDREWS. OK; that is fine.

[The information follows:]

Our budget request to OMB projected that the outyear requests for Amtrak funding was straight-lined at \$765 million for fiscal years 1987-90 for the original request. No outyear levels are prepared for the \$608 million appeal since it was not required at that point in the process.

FRA APPEAL TO THE SECRETARY

Senator ANDREWS. Let me ask you one other question in this line, Mr. Riley. You mentioned that there was an initial hit list, or wish list—not hit list. [Laughter.]

Freudian slip.

You mentioned this as an initial wish list. Wasn't it true that the Secretary reinstated the \$608 million request in an appeal to OMB the second time around?

Mr. RILEY. Mr. Chairman, I have to tell you that FRA does not deal at a departmental-OMB level. We deal only at the FRA-Secretary level.

Senator ANDREWS. I'm sure that is very true, but rumors run around that building, and the information that we have is that there was an appeal from the Department of Transportation to the OMB of the figures the second time around.

Now, you have undoubtedly heard of that appeal, haven't you?

Mr. RILEY. Mr. Chairman, I read the same thing in the Wall Street Journal that I guess everybody else did. But let me tell you——

Senator ANDREWS. Well, are you telling the subcommittee that before Secretary Dole posed this appeal to OMB, she didn't consult with you?

Mr. RILEY. No. What I am telling you, Mr. Chairman, is that FRA——

Senator ANDREWS. Well, since you are telling me she didn't, we have got to assume she did.

Mr. RILEY. No. What I am telling you, Mr. Chairman, is that FRA did two things. I will give you the extent of my personal knowledge. FRA submitted a \$765 million request to OMB. FRA then, in an appeal within the Department, submitted a \$608 million request. I was never privy to any negotiations or discussions between the Department and OMB.

I have heard the same things that you have heard, but I am not in a position to confirm them or deny them. I was not a part of any of those matters. And I am not saying that to set myself apart from it. I was no part, and I do not know the nature of her conversations with the President or OMB.

Senator ANDREWS. No; but what you do know is that your original request was \$765 million, and you reinstated an appeal of \$608 million by postponing Amtrak's capital program. And that we have established.

Mr. RILEY. Yes.

FRA STUDY OF ELIMINATING AMTRAK

Senator ANDREWS. Has FRA studied the impact that the total elimination of Federal subsidies to Amtrak would have?

Mr. RILEY. We have studied the impacts of just about every funding level conceivable on Amtrak, Mr. Chairman.

Senator ANDREWS. What are the results of total elimination of money for Amtrak?

Mr. RILEY. Let me answer that at some length because it is an important question.

For the last 4 to 5 weeks, we have studied what the system could do at various operating subsidy levels. Let me say as a general principle that the system cannot, at least as presently structured, run without subsidy. So, to preserve Amtrak service——

Senator ANDREWS. It cannot run any of its routes without subsidy.

Mr. RILEY. Let me give you the numbers that will illustrate my point. The system—

Senator ANDREWS. No; but didn't I understand you correctly when you said it cannot run on any of its routes without subsidy?

Mr. RILEY. I said the system, as presently structured, cannot run without subsidy.

Senator ANDREWS. OK.

Mr. RILEY. Now, to preserve Amtrak's service, in the absence of Federal subsidy, two things have to happen. First, Amtrak's costs have to be cut to the absolute minimum consistent with competitive service. No opportunity that leaves it competitive can be overlooked or not implemented.

Second, Amtrak stakeholders in the States and communities that are served—riders such as myself who pay at the farebox, the employees and railroads that benefit from Amtrak's existence—have to make a judgment on whether they are willing to step in, either on certain routes or on the system as a whole, and make up the difference.

In other words, you lower the gap as far as you can lower it, and then offer the stakeholders an option.

Our role, as we see it at FRA, is to define those options both by our own design, by calling on the best ideas from those who are interested in preserving service, and to offer those options to the stakeholders. In the last 4 to 5 weeks we have studied every financial aspect of the system, both in the big picture sense and by route. We have attempted to break down the system into the Northeast corridor and the long-distance routes and treat them differently.

We have treated them differently for several reasons. In the Northeast corridor, Amtrak owns the tracks and employs the employees; on the national long-distance routes, Amtrak is in effect a leasing party, both for its crews and for its trackage.

In the Northeast corridor, we know that Amtrak sustains a loss of approximately \$247 million annually. On the long-distance routes, it is more in the range of \$392 million annually.

Neither of those figures can be reduced to zero by any practical cost-cutting mechanism that we can come up with, but they can be reduced. Let me talk a bit about the Northeast corridor and then the long-distance routes.

FUNDING NORTHEAST CORRIDOR OPERATIONS

On the Northeast corridor presently, there are commuter agencies and Conrail who benefit from the existence of Amtrak in the Northeast corridor. If Amtrak were not present in the Northeast corridor, the additional cost for those parties would range between \$155 to \$212 million a year.

In other words, they have a very meaningful stake in keeping Amtrak in operation, and that is one of the things that makes the Northeast corridor different. There are clear stakeholders there with a financial interest in keeping Amtrak operating.

Now, we believe that a more equitable division among those parties could contribute in excess of \$71 million to Amtrak's operations, and that it is still far less than \$155 to \$212 that would be required if Amtrak were not there. So there is a financial interest in contributing.

Second, a wage freeze, should one choose to pursue it, could cut roughly an additional \$28 million off the Northeast corridor subsidies to bring your net losses to \$148 to \$175 million.

Now, it would then be up to the stakeholders in the system, riders through increased fares in the eight States that the Northeast corridor serves, to determine whether to step into that gap and provide that subsidy. It could be provided in several ways, either by direct appropriation or through some form of user fee. It occurs to us that four-fifth of a cent on the State gas tax in those eight States could make up the subsidy I am now proposing. I am outlining some choices that are available.

LONG-DISTANCE ROUTES

On the long-distance routes, it is actually a little easier. The \$392 million losses on the long-distance routes could be reduced again in two respects. If one took the Auto-Train crew consist agreement and applied it nationwide, it would save Amtrak about \$60 million. They could save an additional \$21 million, roughly, from a freeze. That could lower operating subsidies down to about \$310, \$311 million.

Now, they could be cut lower. You could eliminate diners. You can eliminate sleepers. That would be worth about \$40 million in savings. But those things tend to go to the integrity of competitive service. That \$300 million subsidy would require a contribution of a little less than \$9 million made by States that would want to keep Amtrak service in existence. That again could either be an appropriated number for those who wished to participate, or it could be done through some form of user fee. It would mean about a half a cent for those States.

Senator ANDREWS. Well, now let's explore the magic and mystique of what you have just said.

Mr. RILEY. I am not sure it is magical.

Senator ANDREWS. For \$310 million, you can keep Amtrak operating provided each State contributes \$9 million. Now, I understood you properly?

Mr. RILEY. On the national routes, the long-distance, non-Northeast corridor routes could operate for between \$311 million, assuming you used the Auto-Train agreement and the wage freeze, or \$392 million, assuming you do neither. Again, there's some overlay between the two numbers because there is overhead, roughly.

Senator ANDREWS. But what happens if you have States A, B, and C in a row, and States A and C contribute, but State B is not willing to? Do you somehow or another float the train over State B?

Mr. RILEY. No, Senator. But I think what you would do is this—and again, we have not yet outlined all the options but I will give you a sense of hard numbers that we have today.

In that kind of situation, if you had a long-distance route that went through a number of States, and the middle State, State B, didn't want to participate, States A and C do assume the cost, but the train does not stop in State B, does not serve the people in State B. And much of the cost of this comes about through providing the intermediate service. So the train only provides service to the States that participate in the compact.

Let me say, Mr. Chairman, I would be the first to admit that these are tough choices.

Senator ANDREWS. Well, that is right. But now, Mr. Riley, can you provide the committee with a copy of that study?

Mr. RILEY. I would be glad to provide the committee with all the data that we have.

Senator ANDREWS. And do you expect that Amtrak could operate any of its routes if all Federal subsidies are eliminated?

Mr. RILEY. Someone must step in to make up a subsidy gap. There is no route that is making money——

Senator ANDREWS. So Amtrak cannot operate any of its routes if all subsidies are eliminated?

Mr. RILEY. To the best of our analysis, there is no route that makes money and can operate in the absence of a subsidy.

[The information follows:]

The Federal Railroad Administration has identified several steps that could be considered to reduce subsidies associated with rail passenger service and to shift the subsidies remaining to groups which benefit from Amtrak.

A. Northeast Corridor

1. Amtrak has estimated that costs for running the Northeast Corridor by itself would be \$247 million.
2. A one year wage freeze would save approximately \$22 million in the Northeast Corridor. This was calculated by taking an earlier Amtrak estimate of \$40 million in system wide savings due to a wage freeze and distributing it to Northeast Corridor vs. other operations in proportion to the number of employees.
3. Compensation by commuter authorities for Amtrak's "403(d)" commuter trains would save another \$6 million. This estimate is from Amtrak's projection of FY 1986 long term avoidable loss due to such trains in the Corridor.
4. Additional payment by States and freight carriers to compensate fully for their allocated costs of accommodating commuter and freight trains would save another \$71 million. This estimate was provided by Amtrak in a letter dated March 8 from Mr. Brazier to Mr. Thompson of FRA.

The subsidy requirement for running the Corridor would then be reduced to \$148 million.

B. Outside the Northeast Corridor

1. Amtrak has estimated that its operating deficit in FY 1986 would be \$639 million. By subtraction, this implies that an additional \$392 million in operating subsidy would be required outside the Northeast Corridor in addition to the previously noted \$247 million needed to run the Northeast Corridor by itself.
2. A one year wage freeze would save approximately \$18 million, based on the same estimate in A.2. above.
3. FRA has estimated that approximately \$60 million could be saved outside the Northeast Corridor by reducing the size of train crews on short distance trains and paying on an hourly rather than a mileage basis (as was done

by Amtrak in the Northeast Corridor) and by reducing the number of crew change points needed for long distance trains, and paying on an hourly, rather than on a mileage basis (as was done by Amtrak for the Auto Train). The savings of \$16 million for short distance trains was derived by taking Amtrak's estimated \$20 million savings for a similar step on the Northeast Corridor and applying the same savings per train mile to the routes outside the Corridor. The savings of \$44 million for long distance trains was derived by calculating savings per train mile using Amtrak data on costs of running the Auto Train before and after a similar step was taken, and applying this figure to other long haul routes. The sum of short and long distance potential savings is \$60 million.

Amtrak has recently made a separate estimate of the savings obtainable from similar types of changes on a case by case basis for each route and has concluded that the savings would be closer to \$30 million. FRA and Amtrak have agreed to work together to resolve these discrepancies.

4. Additional payment from States to compensate for the long term avoidable loss on State subsidized "403(b)" trains would save \$12 million outside the Northeast Corridor. This is based on Amtrak's projection of long term avoidable losses on such trains for FY 1986.

With the above changes, the subsidy requirement for service outside the Northeast Corridor, assuming a Northeast Corridor operation exists, would be reduced to a range of \$302 million to \$332 million.

Thus on the entire system, both Northeast Corridor and outside the Corridor, the above actions could reduce the operating deficit to a range of \$450 to \$480 million. However it is not clear that all these actions could easily be implemented in the immediate future because of the institutional changes involved. There would undoubtedly be lags.

STATE CONTRIBUTIONS

Senator ANDREWS. Did you consider at all that we are asking the States to pick up a few other things, like revenue sharing, UDAG, community bloc grants, \$1 billion more in Medicaid? Are we going to transfer everything that we have got up here back to the States? Is that—

Mr. RILEY. Of course, we did, Mr. Chairman. Let me tell you, none of these questions are easy. You know that. The choices are no easier for us than they are for this committee. The decision on Amtrak is reflective of the fact that with a deficit approaching \$200 billion, which is something that none of the States fortunately can claim, the administration has simply made a decision that the Federal Government cannot afford the three-quarters of a billion dollar annual subsidy that goes into this on an ongoing basis, and that does provide all of us with tough choices.

We are long past the stage when we can make significant budget savings, at least in my area, with waste, fraud, and abuse. That is gone. All the choices now are difficult, and they are all painful.

What we are attempting to do is to outline the options that are available to all Amtrak stakeholders. And again, over the next few months, it is my hope to come up with more—if there are better ideas, we want to hear them.

I hope the committee, I know the committee will give a fair hearing to everybody who testifies today, but when the stakeholders come up to testify, I would appreciate it if you would add to your list of questions, the question of what they are willing to do and what they are willing to contribute to keep the system in operation.

Senator ANDREWS. Now, Mr. Riley, when Secretary Dole was here, she said that you were going to be contacting the States. When you appeared before us, you were going to give us the information on what you found out.

How many States have you contacted? And, of those States you have contacted, how many of them are willing to come up with the money to keep Amtrak going?

Mr. RILEY. It is a two-part analysis and we will keep the committee apprised as we go along.

No. 1, over the last 4 to 5 weeks, we have done the most complex analysis of Amtrak's operating numbers that we could produce, again aimed at the first part of the equation: How low can you shrink the subsidy gap?

We are beginning to meet this week—in fact, our meeting with the Northeast corridor States was set for this morning, and we moved it over to tomorrow when this hearing switched. We now have the data that we need and we will be doing it over the course of the next month, and we will be very happy to keep the committee apprised, even on a daily basis with what comes out of those meetings.

Senator ANDREWS. You know, the key thing is, How does it play in Peoria? So what you are telling the committee is that, despite what

Secretary Dole said, that you would have some information, some insight into your success of these contacts with the States, you have made no contacts with States to date.

Mr. RILEY. No, Mr. Chairman. We have made contacts with the States, but the Secretary said we were pursuing a program for exploring all options for maintaining service.

What we have done is to analyze the numbers, because the first step in a program of that nature—

Senator ANDREWS. I know you have analyzed all kinds of numbers, but you can't tell us today that any State has been contacted by you and is willing to pick up these responsibilities that you say are necessary.

Mr. RILEY. We have contacted the States prior to today. We have told the States that we are attempting to define the options. We were not prepared to sit with the States prior to this point in time because we did not have our numbers defined. We now do, and we are proceeding to meet with them, and I will be glad to keep the committee apprised, and I am sure the committee will be apprised of the progress of that effort.

Senator ANDREWS. We will look forward to that additional information.

[The information follows:]

The Department of Transportation has continued the process of contacting the States to explore options for continuing rail passenger service in the absence of Federal subsidies. On March 20, 1985, the Federal Railroad Administrator met with representatives of seven Northeast corridor States, the District of Columbia, and Amtrak on the subject. Attendees discussed actual and projected Amtrak costs and revenues by route, Amtrak's estimates of the net costs required to operate the Northeast corridor, costs attributable to each freight railroad and commuter authority, Amtrak's estimates of additional contributions that might be required of each State, and how the contribution might be financed. Attendees also discussed cost saving and sharing measures that could be used to implement and minimize the necessary contributions.

DISPOSITION OF AMTRAK

Senator ANDREWS. Mr. Claytor, what happens to Amtrak under the administration's request?

Mr. CLAYTOR. Mr. Chairman, as I see it—I have listened very carefully to what Mr. Riley has said. As I see it, we have no responsible action that our management could take, except to discontinue service on October 1.

We would be insolvent if we didn't. And if we tried to keep running with what little cash we have left, we would be using up assets that would belong to creditors. When we discontinue service, we trigger, as I mentioned, \$2.1 billion over 6 years of labor protection, which is considerably more debt than all of our assets could possibly generate.

Senator ANDREWS. Who would you sell your assets, these cars to, in order to pay that debt?

Mr. CLAYTOR. Our assets, on the books, have a depreciated value of \$3 billion. I believe that our equipment and most of our shops could probably bring only scrap value, perhaps no more than 10 to 15 percent.

The Northeast corridor which represents a significant amount of our assets is probably not salable to anybody for cash because it is an asset which can only be operated at a loss, so certainly no private industry is going to buy it. And I don't think anyone else is likely to.

So my own feeling is that the cash we would generate from all of our assets is probably of the order of \$300 or \$400 million max in scrap value, and that is all we would have. And we have \$2.1 billion of labor protection liability, plus all of the other obligations we would have from discontinuing going contracts and the like, and the cost of administration of probably \$50 to \$60 million for a bankruptcy trustee.

So I don't think we can do anything except shut down and turn this over to a trustee in bankruptcy.

Senator ANDREWS. And, in order to meet the commitment that is there in writing to these working men and women, you would only have \$300 million worth of assets available?

Mr. CLAYTOR. Of that order of magnitude in cash, that could be converted into cash actually.

Senator ANDREWS. So the balance of that obligation would have to come out of the Federal Treasury or out of the air someplace, or the commitment to these people would be invalid?

LABOR PROTECTION PROVISIONS

Mr. CLAYTOR. That is correct. The commitment, of course, was made in a contract that was mandated by Federal law. And the actual provisions were approved, and set by the Secretary of Labor back around 1971.

Senator CHILES. I would like to know what Mr. Riley feels about this question. Mr. Stockman has said we can get out of these contracts, and so I would like to hear what Mr. Riley says.

Mr. RILEY. The answer to that is that the Federal Government is not a party to the contract and there is no getting out of it. Two answers, really. In 1969 when Amtrak was set up—

Senator CHILES. Two answers, eh?

Mr. RILEY. Yes; two answers, two different parts of it. In 1969 when Amtrak was established, Congress made a decision that the Federal Government would not, in that statute, offer full faith and credit to any of these obligations. The statute never required it; it has never been treated that way.

SALVAGE VALUE OF AMTRAK'S ASSETS

And the second part of the answer, Amtrak's assets, I am not going to tell the chairman I can give a good estimate on what the salvage value of Amtrak's assets are, but consider several things. One of them is that the Northeast corridor, whatever value it may have in passenger operations—I think we all concede that it cannot be run, at least as presently structured, without subsidy—is valuable for freight operations. It is certainly valuable for fiber optics, and it runs through some areas where real estate is extremely valuable. Many of these railroad train stations are valuable.

Beach Grove has proven to be a potentially profitable enterprise. The Canadian railroads right now are considering an expansion of their rail stock. Does this lead to a number? No, it does not.

I cannot estimate a number. I don't think any of us can. It is a unique situation. But I am not prepared to tell you that I think that 15 cents on the dollar is a logical result.

Senator ANDREWS. Mr. Riley, if you disagree with Mr. Claytor, I think the committee ought to have you submit a list, a detailed list of these assets, and what you say can be gotten for them.

[The information follows:]

The Department has reviewed Amtrak's list of assets. Although we have not done an estimate of actual market value, we have listed below some examples of Amtrak assets that are probably worth considerably more than a scrap value of 10 to 15 percent of their book value:

Penn Station (NY); 30th Street Station (Philadelphia); additional Amtrak land in major metropolitan central business districts; NEC right-of-way, valuable for fiber optics, pipelines, and other purposes in addition to its value for commuter and freight rail service; Beech Grove and other maintenance facilities, which would have value to commuter authorities and freight railroads; and even if the NEC were completely dismantled, the relatively new, heavy-duty rail, concrete ties, and other equipment on the corridor could probably be sold for considerably more than 15 percent of their book value.

Senator ANDREWS. Now, we will have Mr. Claytor submit a list of these assets and what he estimates can be gotten for them, so we can compare one with the other.

[The information follows:]

National Railroad Passenger Corporation
U.S. Government's Investment in Amtrak Assets (Thousands of Dollars)
as of September 30, 1984

Asset	Total	NEC	Off-Corridor
Materials and Supplies	\$ 125,201	\$ 87,901	\$ 37,300
Property and Equipment:			
Passenger Cars and Locomotives B/	\$1,382,919	\$ 577,919	\$ 805,000
Depreciation	373,700	156,100	217,600
	<u>\$1,009,219</u>	<u>\$ 421,819</u>	<u>\$ 587,400</u>
Northeast Corridor & Maint. Fac. C/	\$2,030,870 A/	\$1,950,314	\$ 80,556
Depreciation	187,300	174,030	13,270
	<u>\$1,843,570</u>	<u>\$1,776,284</u>	<u>\$ 67,286</u>
Other:			
Maintenance of Way Bases	\$ 29,300	\$ 29,300	\$ 25,900
Stations	81,200	55,300	3,000
Road and Land	67,838	64,838	28,900
Depreciation	178,338	149,438	3,200
	<u>16,670</u>	<u>13,470</u>	<u>25,700</u>
	<u>\$ 161,668</u>	<u>\$ 135,968</u>	
Investment in Chicago Union Station	\$ 15,700	\$ -	\$ 15,700
Total Assets	\$3,733,028	\$2,765,572	\$ 967,456
Less Accumulated depreciation	577,670	343,600	234,070
Depreciated Assets	<u>\$3,155,358</u>	<u>\$2,421,972</u>	<u>\$ 733,386</u>

A/ Includes \$14,500 Investment in Washington Terminal Company
B/ & C/ Details Attached

ATTACHMENT B

National Railroad Passenger Corporation
Passenger Cars and Locomotives (Thousands of Dollars)
as of September 30, 1984

<u>Passenger Cars and Locomotives</u>		<u>ASSET</u>		<u>Off-Corridor</u>
	<u>Total</u>		<u>NEC</u>	
Electric Locomotives				
Metroliners	\$ 149,500	\$ 149,500		\$ -
Amfleet	61,300	61,300		-
Heritage	367,800		220,700	147,100
Superliners	164,200		-	164,200
Diesel Locomotives	311,800		-	311,800
Turbos	209,100		-	181,900
Work Equipment	65,000	27,200		-
Miscellaneous	30,000	65,000		-
	<u>24,219</u>	<u>30,000</u>		-
		<u>24,219</u>		-
	<u>\$1,382,919</u>	<u>\$ 577,919</u>		<u>\$805,000</u>

ATTACHMENT C

National Railroad Passenger Corporation
Selected Maintenance of Equipment Facilities (Thousands of Dollars)
as of September 30, 1984

Maintenance of Equipment Facilities	Asset	Depreciation	Depreciated Asset	Manpower (Man-years)
<u>Northeast Corridor</u>				
Washington, D.C. (NECIP)	\$ 36,955	\$ -	\$ 36,955	581
Sunnyside, NY	3,735	77	3,658	765
Wilmington, DE	10,578	227	10,351	628
New Haven, CT	2,909	2	2,907	292
Rensselaer, NY	12,862	2,442	10,420	229
Total NEC	\$ 67,039	\$ 2,748	\$ 64,291	2,495
<u>Off-Corridor</u>				
Beech Grove, IN	\$ 21,694	\$ 3,204	\$ 18,490	987
Chicago, IL	47,080	7,947	39,133	791
New Orleans, LA	323	54	269	150
Los Angeles, CA	10,801	2,051	8,750	409
Tampa, FL	658	14	644	38
Total Off-Corridor	\$ 80,556	\$ 13,270	\$ 67,286	2,375
Total Maintenance Facilities	\$ 147,595	\$ 16,018	\$ 131,577	4,870

BUMPING RIGHTS OF AMTRAK EMPLOYEES

Senator ANDREWS. But let me follow up that question by pointing out to you that is it not true that Amtrak employees have bumping rights on Conrail employees in many instances?

Mr. RILEY. Approximately 1,200 of them definitely have bumping rights.

Senator ANDREWS. So they go back and they bump Conrail. Who assumes that cost?

Mr. Claytor, do you know?

Mr. CLAYTOR. Yes; the \$2.1 billion figure is based upon the anticipation that many of the people who lose their jobs will not, in fact, lose their jobs; they will bump a more junior man. And it goes down the line, and someone who is paid somewhat less will then lose his job.

But the labor protection applies to the bumpee as well as to the man who is originally laid off. So Amtrak would pay for the people who are bumped down the line. That is included in the \$2.1 billion, whether they work for the railroad, or whether they bump to Conrail. That is right.

Senator ANDREWS. So Amtrak would end up having to pay for the bumpee, even though the bumpee was working now for a railroad.

Mr. CLAYTOR. That is right, and that is included in that \$2.1 billion figure.

SERVICE CUTS

Senator ANDREWS. So, Conrail would not have to bear the impact from that.

Does Amtrak need or expect or find it necessary to receive congressional guidance on what service or activities should or should not get cut under a budget level less than a freeze?

Mr. CLAYTOR. We have tried several alternatives. The first thing we did when we were looking at a substantial cut was to say if you had a cut of the order of 20 to 30 percent, we would have to cut service in order to meet it.

We looked at the five long-distance trains that we operate, which collectively have the greatest loss. Those five trains, if they were taken off, would give us a savings of \$101 million. That looked pretty good.

But then we looked at what is the labor protection that we would have to pay for taking those five trains off. The total figure for 6 years would be around \$270 million, but the first year cost would be \$81 million.

Result. We only save \$20 million by taking the five most expensive trains off and lose about 25 percent of the passenger miles of the entire Amtrak system. That doesn't make much of a dent in our subsidy.

So then we went further, and said OK, let's play the game by taking off all of the off-corridor trains, all of the long-distance trains, and save only the corridor. What would that do? If you assume the Senate Budget Committee figures and had a 30-percent cut, that would leave us with an appropriation of \$479 million, down from \$684 million, which is the freeze figure.

Senator LAUTENBERG. Repeat that, please.

Mr. CLAYTOR. Yes, sir. A 30-percent cut, which the Budget Committee suggested for the first year, a 30-percent cut from \$684 million, which is our freeze figure, the figure for 1985, would leave us \$479 million.

Now, the off-corridor labor protection for the first year only would be \$330 million. So that would leave us net available for corridor operations \$149 million of appropriations.

Senator ANDREWS. So what you are saying is, if the Budget Committee figure of \$479 million allowance that we gave you is indeed and, in fact, in the final appropriations bill, you will only be able to use 100-plus?

Mr. CLAYTOR. That is assuming we remove all the trains outside the corridor, which is the most extreme—

Senator CHILES. Well, let's just ask you this. If this becomes law—the 30-percent figure—what are you going to do to keep Amtrak running?

Mr. CLAYTOR. The only responsible thing a manager can do is to shut all things down on October 1, the same thing we would have to do under a zero funding proposal. What the appropriation of \$479 million would then do would be to provide a considerably larger sum to pay the labor protection, because otherwise we would not have enough money to pay it.

We will pay more labor protection and a larger proportion of the labor protection claims. But we can't run anything because we still have a substantial shortfall even to run the corridor. It would take—if we eliminated all the trains off the corridor and paid the \$330 million of labor protection—it would take \$607 million of appropriation to enable us to pay the labor protection and run the corridor alone. That is practically enough to run our whole system.

Senator CHILES. So you are saying if we voted this 30, 43, and 54 percent for 1986, 1987, and 1988, you are not going to continue to run Amtrak?

Mr. CLAYTOR. Yes, sir; that is exactly what I am saying. We are unable to, because you have a catch-22 situation. You take the trains off, you generate almost as much new liability as the loss on the train, and it doesn't get you anywhere.

Senator ANDREWS. Mr. Riley has a comment.

Senator CHILES. He is going to tell us how to run a railroad.

REDUCING AMTRAK'S OPERATING SUBSIDY

Mr. RILEY. We have analyzed what Amtrak could or could not do at this level of funding. There is no question that if you attempt to take the savings out by cutting routes, you get exactly the conundrum that Graham has described. You generate virtually as much liability for labor protection as you save, which then must be taken out of your remaining funding, so it starts a domino effect and, in effect, topples the company.

What you have to do—there are really only two ways to do it—what you would have to do is make very difficult systemic changes. Amtrak's operating subsidy this year is \$639 million. There are things that one could do to reduce this level, and I believe that they would have to be compelled by legislation. The subsidy is contingent upon these actions taken, because I don't think people would necessarily voluntarily agree to them.

CROSS-SUBSIDY REDUCTION

First, there would have to be a more equitable split with the commuter agencies and with Conrail for the services they get out of Amtrak's presence in the Northeast corridor. In recognition of the fact that it would cost more than \$200 million should Amtrak be eliminated, we believe an additional contribution of about \$71 million would be a more equitable split.

Mr. CLAYTOR. Can I interrupt?

Mr. RILEY. I am looking at my numbers. Let me finish my math, and then you can question my addition.

Mr. CLAYTOR. I don't think I agree with you.

Mr. RILEY. The \$71.2 million would be a more equitable split. That would lower Amtrak's operating subsidy to \$567.8 million. Then if the labor agreement applicable to the Auto-Train were used systemwide, that would reduce approximately another \$60.5 million from the \$639 million figure.

Senator LAUTENBERG. Repeat that.

Mr. RILEY. OK. The two numbers are these. You start with \$639 million which is Amtrak's operating subsidy for this year. A more equitable split on the Northeast corridor could bring another, roughly, \$71 million to Amtrak on the revenue side.

Second, if the Auto-Train crew consist—

Senator CHILES. We couldn't mandate that in the appropriations bill. How do we get there?

Mr. RILEY. I think what you would have to do is make the appropriation contingent upon the willingness of the agencies involved to bear a greater share of the cost. There is no question they are cross-subsidized. They pay only the marginal cost.

Senator ANDREWS. Now, where are you going to get the 71 million bucks? Some of it from Conrail?

Mr. RILEY. The 71 million bucks would come from Conrail, other freight railroads using the corridor, and the commuter agencies.

Senator ANDREWS. Now, just a minute. ICC has said that you cannot tag Conrail with this fund. Now, how are you going to get over that?

Mr. RILEY. That is why I say, Mr. Chairman, there would have to be a legislative directive. It could not be done simply through negotiation.

Senator ANDREWS. The point is, you are telling this committee you can get \$71 million, a large part of which you are going to get from Conrail. ICC has stated you can't take it from Conrail. They have said that quite firmly. You admit that ICC has said that?

Mr. RILEY. Absolutely.

Senator ANDREWS. So what you are doing is totally smoke and mirrors. You are coming up here and telling us that somehow or another there is going to be \$71 million we can get from Conrail if the Congress in its wisdom will pass legislation tapping Conrail for the \$71 million.

Do we then add it to the purchase price of Conrail?

Mr. RILEY. No, Mr. Chairman. What I am saying—

Senator ANDREWS. Well, how do we get it?

Mr. RILEY. Right now, the fact that there is a cross-subsidy to Conrail and the commuter agencies on the Northeast corridor is implicit in the arguments that Amtrak has made that it would cost about \$212 million extra for them to operate in the absence of the corridor.

What I am saying is, sure that \$212 million figure is correct, but a more equitable share of charges—and I suspect that Amtrak would agree with me on this—would be in the \$71 million range. To do that, it could be negotiated directly with the commuter agencies, or the subsidy of Amtrak could be contingent on Conrail and the commuter agencies agreement to pay a greater share and cut down the cross-subsidy. That saves them \$100 million over what they would have to pay if the system didn't run.

For Conrail, there are two ways to do it. Either the ICC, in light of what is clearly a changed financial situation, could reconsider its position. Or if you want to be certain, there would have to be a legislative directive to the ICC or a condition on the funding that makes the funding contingent upon thing same being reached.

Senator ANDREWS. That is right. We have understood that.

I want to ask one final question and then turn it over to Senator Chiles. I am sure that my colleagues will keep the hearing going until I get back. If not, they can hold you in recess for a while because I have a couple of other questions. We have a new member of the subcommittee, and I think he shares my interest in keeping Amtrak going, and the interest of the other members of the subcommittee. But we are trying to cut our way through this smokescreen that we have out there. And Mr. Riley has stated that somehow or another, we can take it out of Conrail, even though ICC says we can't.

He also has this magic that we can go out there and get State A, State B, and State C to go along.

SECTION 403 (b) AND (d) TRAINS

Now, Mr. Claytor, given your experience in negotiating the State train compacts—403(b)—you are the one that has the experience in this. How long do you estimate it would take, if ever, to negotiate the multi-State compact necessary to continue running Amtrak service that Mr. Riley so blithely tells us we can do?

Mr. CLAYTOR. Well, with all due respect, I don't think we ever can, and I base that on the fact that there was a proposal a couple of years ago by the administration to require the States to pay 100 percent of

the cost of 403(b) trains—those are the short-term avoidable costs of 403(b) trains—instead of 50 percent, which has finally been raised up to 65 percent.

We checked with a number of States as to what they would do if that happened, and almost invariably they said, "We would discontinue the train. We will not be able to pay that." That is a very modest figure. We were talking a very few million dollars in those cases.

My own view is that I felt the States should pay more on 403(b) trains, but the only way to do it was to gradually increase the State participation each year, and I thought that probably would be salable, and my suggestion was we increase the proportion of short-term avoidable costs paid by the States each year by about 5 percent each year. I thought we could probably manage that, but if you ask the States to come in and pick up a large amount, even by these standards a very modest amount on 403(b) trains, they would say take the train off.

Senator ANDREWS. Well, as the only one in this room with the experience that you had in this kind of negotiation, you say that this just isn't something that can be accomplished?

Mr. CLAYTOR. I don't believe if we tried it on the off-corridor system, for instance, I doubt if you would get as many as three or four States that would agree to pay to keep the trains.

Senator ANDREWS. Thank you, Mr. Claytor.

I want to allow Senator Kasten to enter any questions he might have for the record at an appropriate time, and I want to recognize Senator Chiles who has been here for a while, to ask any questions that he might want.

Senator KASTEN. Senator, I have to leave also. I may be able to come back. I have some specific questions relating to the acquisition of Milwaukee Road by the Soo Line.

Senator ANDREWS. Good. We will be glad to have those in the record.

COST OF OPERATING THE NORTHEAST CORRIDOR

Senator ANDREWS. Senator Chiles.

Senator CHILES [presiding]. Mr. Claytor, with the Northeast corridor having 17,000 people that use it every day, that isn't an asset that we can sell off?

Mr. CLAYTOR. I don't believe so, because it cannot be operated at a profit. And I don't think anyone is going to buy an asset which, however important it is, is going to be operated at a loss.

And I believe that if we looked into the not-too-distant history, that the questions were whether to turn over the Northeast corridor to Amtrak, growing out of the bankruptcy of the Penn Central, and how were we going to restructure Conrail? Congress eventually transferred the corridor to Amtrak because it is predominantly passenger and commuter.

And no freight railroad, as the Penn Central bankruptcy proves, can operate and support passenger and commuter service. So, give it to Amtrak to operate, and then let the freight and the commuter railroads

operate over Amtrak's railroad, since they are a minor part of the major operation.

Now, that was done, and it would seem to be the only solution that you could have. Now I think if you try for another solution, you go right back to the same dilemma. The commuter agencies can't do it all by themselves. They run only little segments of it. Conrail, I don't think, could afford to do it, and none of the other freight railroads could afford to do it, and you are going to end up with the Federal Government doing it, in my opinion, one way or the other, if it is to be kept in use at all.

Senator CHILES. What are your feelings as to whether we can get this contribution from Conrail and the other services to pick up the slack here?

Mr. CLAYTOR. Well, the \$71 million that Mr. Riley referred to is the asking price we went into the ICC with when we started. Of that \$71 million, the freight railroads, largely Conrail, but including the Delaware & Hudson, the Boston & Maine, and the Providence & Worcester, would be \$33.4 million, almost half of it.

The other half would be Maryland DOT, SEPTA, New Jersey Transit, and Massachusetts Bay Transit. And I don't believe that Conrail would be willing to do it. I can't speak for Conrail. I would be very surprised if they voluntarily offered to do this. They have got to take it out of freight shipments and freight shippers, and as I know from my own experience, it is a very competitive business. If you raise the rates to the freight shippers, you send them to the trucks, and so there is a limit to what they can do with that.

The commuter agencies will have to speak for themselves, but it's a very substantial amount for each one to come up with, even the \$71 million. We would like to have the \$71 million, frankly, even if we were continuing the operation. It was our request. It is a reasonable figure, we think. It is calculated by saying that each user of the corridor must pay its proportion of fully allocated costs, and the ICC said, "No, Amtrak is the principal user; it has got to pick up all the overhead costs, and the other users will only pay avoidable costs." And that was the issue.

If the other users paid their full share of costs, it would come to \$71 million. We would like to have it. It might be possible, but it seems unlikely.

But when you get beyond that and you go for State contributions, I think that is practically hopeless.

NEED FOR RAIL PASSENGER SERVICES

Senator CHILES. Well, Mr. Claytor, the proposal that we have before us from the administration certainly makes us look at Amtrak and examine whether it is a bottomless pit and whether it is something that we are going to continue to have to put millions and millions of dollars in; whether it performs a service that is needed; whether that service can be picked up by alternate means of transportation or not.

You have had long experience as a railroader and in the business. Is there any hope for Amtrak that, as we continue to go on—is it making any progress, or is it something that, regardless of these labor termination costs that we might have to pick up, that we ought to go ahead and pull the cord on it now and just say that we don't need a national rail service? Should we just face up to the fact that there will be alternate means of transportation; that this is a bottomless pit; that it has no future?

We have trains, of course, that go down the corridor, the Silver Meteor that goes to Florida, and other trains. We have some concern about those trains. But is there a future for those trains, or should again we just recognize that they are going to continue to lose more and more money and we should pull the cord on those?

I mean sooner or later, do we have to face up to that, and should it be now?

Mr. CLAYTOR. Senator, first of all, let me say that we have been moving in the other direction, and very, very firmly, and I have every belief that we will continue to move in the other direction. That is to say, improving the quality of our service and, at the same time, reducing our costs and reducing the amount of Federal appropriation required.

For example, I believe that only a few years ago, Amtrak was having an appropriation of a billion dollars or more. For this year, 1985, our total appropriation, including capital, is \$684 million. That is the lowest appropriation that we have had since 1977.

If every agency that is financed by the Federal Government were still operating at its 1978, at or below its 1978 figure, I think we might not have this crisis with the deficit that we have today. That is in current dollars, too; not counting inflation. If we went to constant dollars, we have decreased our operating subsidy in 1981 to 1985 by about 26 percent. We have improved our revenue-to-cost ratio.

That is my bottom line. I am an old railroad man. The bottom line always was earnings per share. We don't have earnings per share. But we have a revenue/cost ratio, which is pretty similar. That is, what percentage of our total cost, every cost we have, including overhead and everything else, is covered by our own revenue?

A few years ago the revenue-to-cost ratio was only in the 40- to 43-percent category.

What we have done is to improve that every single year. It is now operating this year at 58 percent, up from 42. For 1986, it is going to be 60 percent, and we hope to keep it moving right along. Actually, the Canadian passenger system, VIA, is operating at roughly half of Amtrak's. That is, they are only covering about 30 percent or less now.

At the same time, we have not cut service to do that. We have kept the same or increased service, and we have improved the service. Now, I think this can be done with continued good management. Amtrak is just now getting the benefit of substantial capital improvements that have been made over the years. The Northeast corridor is one impor-

tant one. We have major shops all over the country, we are improving our labor productivity in every way, and we can continue to do that.

We cannot, in my opinion, completely cover all of our costs. No passenger train in the world can operate without government subsidy.

RAIL PASSENGER SERVICE IN OTHER COUNTRIES

Senator CHILES. Is there any other country that operates a passenger service without subsidy?

Mr. CLAYTOR. Every developed country has passenger service, and every developed country pays amounts that are in the same ballpark as ours for support of its passenger service. As a practical matter, most of them also have to support the freight service, too. We, fortunately, in this country do not have to do that.

Senator LAUTENBERG. What is the approximate—you say about the same proportion?

Mr. CLAYTOR. No; about the same amounts of money. I think they vary. I can get such figures as are available for you. I don't have them in my hand, but they vary from somewhat less to somewhat more, actual annual subsidy for passenger service alone.

Most of the countries are pretty small compared to ours. But they still seem to pay about the same amount of money to run their passenger service.

Senator LAUTENBERG. Same amount of money. Are you talking about \$684 million?

Mr. CLAYTOR. Yes, \$600-and-some million.

REASONS FOR ADMINISTRATION'S FUNDING REQUEST

Senator CHILES. I notice, Mr. Riley, that last year you were saying:

I know I don't have to restate for this committee the magnitude of Graham Claytor's accomplishments at Amtrak. They speak for themselves.

You went on to say that:

One thing I will say, though, because it provides a good bottom line to these accomplishments, is that in fiscal year 1985, Amtrak will be running more miles and more passenger miles and service than it ran in 1980, at about a 28-percent lower subsidy. This is a dramatic performance that says a lot about what Graham has been able to accomplish. And I personally think that Amtrak's best performance is yet ahead of them.

If we close on October 1, will better performance yet be ahead, or has something happened to Graham in the last year that he has turned around and soured on this a little bit?

Mr. RILEY. Every word of that is absolutely true, but that is not the issue. I am not going to come up here and tell you that the system is poorly managed. It is not. It is well-managed. And I am not going to tell you they provide poor service.

What we are saying is that even with all of those accomplishments, it costs about \$750 million a year, and it is going to cost that as far as we can project into the future.

Senator CHILES. Has that cost been coming down?

Mr. RILEY. I am sorry?

Senator CHILES. Has the cost been coming down?

Mr. RILEY. The costs and revenues have been coming down, but their outyear revenues do not show a practical ability to reduce subsidies below their present level, if at all.

And this gets back to the point I tried to make a few moments ago. That issue on the equitable split, for all the complexity of it, is exactly the kind of issue that has got to be tackled if these subsidies are ever going to come down.

Conrail did pay that higher amount before they went to the ICC and got an order saying they could pay less. That order was based on a congressional act, the Northeast Rail Services Act of 1981. If Congress altered that act, it would put Conrail back in the same position they were before. And while I imagine that no railroad, commuter agency, or Conrail, is going to greet with enthusiasm the prospect of paying a total of \$71 million more dollars, that is a preferable alternative to paying \$212 million if the system is not there.

LEGISLATIVE PROPOSALS FOR CHANGES

Senator CHILES. What we would like to see, I think, up here is to see the administration propose the kind of changes, not just saying we just reduce the numbers for Amtrak, and then you all go take care of that. We are not supposed to legislate on appropriations bill, you know; that is against our rules. You well know that.

Where is your proposal to the authorizing committee to cause this change to be brought about? Why isn't that part of your package, rather than after we come up here with these proposed low numbers, and then have you say to us, well, you can do this, or you can do that, or you can put in your bill that you can do this. You know, if this is doable and if it is feasible, where are your bills? Who is introducing them for you? Where is it? How are we going to work that out in the orderly way in which we are supposed to legislate around here?

Mr. RILEY. Senator, it is our intention to lay out for all stakeholders, including the congressional committees that would have to be involved, every option available to preserve service in the absence of Federal subsidy. And that goes from outlining to States what they would have to do if they chose to do it, and to the committees what they would have to do if they chose to do it.

And I can only say that the argument that the stakeholders and the people who really benefit from this in the States and the communities are not willing to pick up the cost is not a compelling argument for Federal subsidy.

FUTURE FOR LONG-DISTANCE TRAINS

Senator CHILES. Mr. Claytor, you didn't get to my part of the question as to whether there is any future for long-range service like the Florida-New York, long distance service. Is that something that we should discontinue, or is that showing any progress?

Mr. CLAYTOR. It is. Despite increased airline competition in that market the New York-Florida Amtrak service still remains one of the most patronized routes in the system. The whole system is showing progress. When I said that we are improving our revenue-to-cost ratio, that includes the off-corridor as well as the corridor system. And the business is picking up. I think we are performing an essential service, as I have set out in my prepared testimony. There are communities, there are around 120 communities that Amtrak serves right now, almost 25 percent of all the communities we serve, that do not have any air service. Amtrak is basically its fundamental intercity service.

MAKEUP OF RIDERSHIP

I think we are providing an essential service for the elderly, for the poor, because in spite of talk to the contrary, something like 47 percent of our long-distance passengers—these are off-corridor passengers—are below a \$20,000 family income level. Something like 21 percent of our people are over 65; 36 percent are over 55. I think we are providing an essential service.

And we are improving our financial capability, off-corridor as well as on, regularly.

Now, Mr. Riley mentioned—

Senator CHILES. Well, the administration has said that this is a high- and a middle-income subsidy.

Mr. CLAYTOR. They are referring only to corridor passengers. Now, our corridor passengers are heavily business oriented and they are more similar to the airline passenger profile.

Senator CHILES. What you are saying is, in long-distance travel, you have got 47 percent of the people that have incomes of under \$20,000.

Mr. CLAYTOR. That is right.

Senator CHILES. So that 750,000 that are going to Florida, are they rich people that can just jump on an airplane?

Mr. CLAYTOR. They vary all over the lot. But on the whole, our long-distance passengers tend to be lower income. For instance, if you check the coach passengers particularly on our Florida trains, to use that example, I think you will find them substantially minority, and substantially people who take that mode of travel because they think it is not only the most convenient but the cheapest.

Senator CHILES. And has the passenger use continued to grow?

Mr. CLAYTOR. Yes, sir; every year. Every year our total passenger mileage goes up. It varies, obviously, with two things. It will vary very substantially with gasoline prices. If the gasoline prices went back up to \$2, our passenger mileage on the long-distance trains would go way up. It went down following the gas crisis. But in the last 3 years, it has been steadily going up again.

It is affected by the state of the economy, as all travel is, and it is affected by fuel prices. But, generally speaking, it is continuing to increase and I am satisfied that it will.

The secret there is to provide good service at competitive prices, and that is what we are doing. The suggestion that the users ought to pay more in order to reduce the subsidy is not valid. I assure you, Senator, that we set our fares to produce the maximum revenue. If we thought we could decrease the subsidy by increasing our fares 20 percent, they would be increased 20 percent right now.

But what happens, and experience shows this, you increase your fares, you decrease—because of the available alternative methods of travel—you decrease your passengers to a greater extent than the increase in revenue, and you lose money.

So we are continuing to try to set our fares at the maximum revenue level. And we will continue to do that.

Senator CHILES. But we are not without some subsidy on the other means of travel as well.

Mr. CLAYTOR. And, of course, we are competing with subsidized transportation. All transportation in the United States is subsidized. The air transportation is heavily subsidized. The buses are even more heavily subsidized, and we have to live in that environment.

So the problem with our subsidy is, it is a lump sum on top of the table, and it is easy to grab and throw out. The other subsidies are indirect, and they subsidize multiple things, of which the buses and the airplanes are just one part. And so they are not quite the same fat, juicy target for the budget cutters that we are.

Senator CHILES. We are delighted to have Senator Lautenberg here today as a new member of the subcommittee. This is, I think, his first meeting of the subcommittee. He has a casual passing interest in this subject in connection with his State.

Senator, at your first meeting, you are going to be chairing this committee because I am going to have to go to the floor and the chairman will be back shortly. So we will turn it over to you now.

Senator LAUTENBERG [presiding]. Thank you. The honor and the power are greatly appreciated. [Laughter.]

What progress I have made as a junior member. My first meeting and I am chairman. [Laughter.]

IMPACT OF CUTS ON NEW JERSEY PASSENGERS

I am pleased to sit with both of you. We have had an opportunity to talk in the past, and I just want to make sure that the parameters are clear for me representing the State of New Jersey and the enormous impact that elimination of Amtrak service will have on the people of New Jersey.

The effect of the administration's proposal, Mr. Claytor, would be to leave the United States the only industrialized nation without intercity rail passenger service.

Mr. CLAYTOR. Yes, sir; that is correct.

Senator LAUTENBERG. The cuts that are proposed by the Budget Committee which are less onerous than those proposed by the administration, will get us to the same end of the line.

Mr. CLAYTOR. I am afraid that is so. I wish I could say it were not, but I am quite sure that that is also the case.

Senator LAUTENBERG. OK. I think it is fair to say that the thousands of New Jersey passengers who use this service would not look forward happily to October 1, 1985, if this were to come to pass. And Mr. Riley, I think, you recognize that.

Mr. RILEY. I am not sure I heard you, Senator.

Senator LAUTENBERG. You would recognize that if even the more modest blow of the Senate Budget Committee were to come to pass, it would be a pretty difficult day for those who use rail service for commutation.

OPTIONS FOR CUTTING AMTRAK SERVICES

Mr. RILEY. Well, if Amtrak attempted to meet the Senate Budget Committee's levels by cutting back routes, there is no question that that would lead to the insolvency of the company.

If they attempted to do it with the cooperation of the committees by, No. 1, forcing the equitable split, and No. 2, applying the Auto-Train labor agreement nationwide, and then instituting a wage freeze, they could get down to about the \$500 million level and operate. That is what that would get you.

Those are the only two choices that I have been able to isolate on.

Senator LAUTENBERG. Right. The options that you have examined, you said you are continuing to review them, do not include the effect of the discontinuance of Amtrak service. That is not an option that you look at or suggest you are reviewing, which implies further that you don't believe that that would be the case.

Mr. RILEY. Well, Mr. Chairman, I would be the last person to stand here and tell you that I can guarantee success in this effort. But what I am telling you is that I do not accept the thesis that the discontinuance of Federal subsidies necessarily means the end of the system. It provides every one of the stakeholders with an enormous challenge. But if, in fact, the impact is this great, and if the cities are forced to deal with these additional costs, and if the riders are indeed forced to pursue transportation options they don't want, then there ought to be some willingness to participate in the financing of the system by States whose financial situation is far better than the Federal Government's.

Senator LAUTENBERG. John, you have a way with words, and I would hope that the day doesn't arise when the commuters in the State of New Jersey or other people dependent on rail service to get to work would have you and me in the middle of Penn Station, Newark, or Trenton, or Union Station here, trying to explain what the stakeholders, as you describe them, failed to do in order to keep this alive.

Mr. Claytor—

Mr. CLAYTOR. Yes, sir.

LABOR PROTECTION LIABILITY

Senator LAUTENBERG. You talked about those lines that you would have to start with to get closer to the budgetary commitments if you did reduce them. You described five long-distance lines. Where are they, just for the information perhaps of some of my colleagues?

Mr. CLAYTOR. Well, we were not proposing that we would do that. This was an example. We wanted to see what the effect of the labor protection liability would be on efforts to reduce costs by reducing service. And so without picking these as the ones that we would cut first, we just picked the five routes that have the largest loss.

Now, the main reason, they are not the least efficient routes, they are the routes that have the largest loss primarily because they are the longest mileage routes.

Senator LAUTENBERG. Where are they? The reason I am pressing this is that I want other of my colleagues in the U.S. Senate to know that this is not simply a New Jersey-New York-Pennsylvania-Massachusetts corridor problem.

Mr. CLAYTOR. I have it right here. We run two trains from New York to Florida, and each of those two trains splits into another two trains. So there are really four trains, New York to Florida, in one group. That was one group.

The Empire Builder from Chicago through Milwaukee to Seattle and Portland, through North Dakota and Montana, was the second train.

Senator LAUTENBERG. That is fine.

Mr. CLAYTOR. The Southwest Chief, which is the old Super Chief of the Santa Fe Railroad, Chicago to Los Angeles, was the next one, and then the Southern Railway's Crescent from New York to New Orleans was the fifth. They were the five trains. And you add those up together. The 1984 losses, short-term avoidable losses, the money you would save by taking those trains off comes to \$101 million, but the labor protection comes to \$81 million. You end up saving \$20 million which is a small enough figure to be lost in the noise.

Senator LAUTENBERG. OK. I just wanted to be sure that everybody understood.

Mr. CLAYTOR. Yes, sir. But I wanted to make clear that this is not a decision that if we were going to take some trains off, they would be the first ones to go. They just happen to be the heaviest losers, and primarily because they have the most mileage.

AMTRAK OBLIGATION TO PAY LABOR PROTECTION

Senator LAUTENBERG. Mr. Riley, I wanted to ask a question that relates perhaps to the technical structure of things. You said that the obligations under the labor protection program are not those of the Federal Government.

What would happen? Would there be a reorganization under chapter XI type proceeding and the creditors left, including labor, to take what is left, x cents on the dollar, something of that nature? Is that what you think would happen?

Mr. RILEY. Well, the contract runs from Amtrak to Amtrak's employees. The way the company was set up, it wasn't a Federal contract. The choices really follow the whole rainbow all the way from, on the one hand, the assumption that people step in and keep it running, in which there are no claims, to the worst case scenario, in which nobody steps in on any line, and the company folds. Then there are about \$3.6 billion in Amtrak assets that would be part of a reorganization proceeding. The trustee would sell those assets, plus take probably about \$100 and some odd million in cash on hand and uninvested capital funds, and use those to satisfy the claims.

Senator LAUTENBERG. Mr. Claytor, do you agree with the procedure that Mr. Riley has suggested?

Mr. CLAYTOR. Yes. I think that is what would happen. And then the remaining question would be—it is quite clear that there would not be enough assets to pay all the debts. There would be creditors, of whom the largest, I think, would be the people entitled to labor protection, who would get a small percentage of the total amount.

Then what do they do? I think they then, having dealt with people in this category before, they are not inclined to roll over and play dead, they will then bring suit against the Government. Whether they win or not is a legal question that I think would have to be determined by the courts. I can only say that there is a substantial legal question as to whether or not, because of the history of this thing, and in bankruptcy, where the Government's own subsidiary is in bankruptcy and it is being bankrupted by Government action, and the original liability was imposed by Government mandate, that there would be a substantial chance that the courts would decide that the Government has got to pay this.

I have no legal——

FEDERAL GOVERNMENT LIABILITY

Senator LAUTENBERG. No one can categorically say that the Government will not have to pay.

Mr. CLAYTOR. Well, I think there would be a litigation over this, and one cannot——

Senator LAUTENBERG. I am sure there would be.

Mr. CLAYTOR. But it would be a serious litigation, not a frivolous one, and I don't know how it would come out, but there is certainly a substantial chance the Government would end up having to pay the bill as well as pay for the defense of it.

Senator LAUTENBERG. I just wanted to clear the air on that, because I would not want the impression left that this is kind of a normal business failure for which a chapter XI proceeding is available.

I, frankly, am not a lawyer, don't think that the Government would easily be apart from this liability and we would have to pay the freight.

FARE INCREASE NEEDED TO ASSUME SUBSIDY

Mr. Riley, how much do you think that the fare might have to rise in the State of New Jersey, for instance, which is one of the highest users of the Amtrak facilities for its commuters? My constituents ought to know what this increased tax—I'm sorry, fare—is that you are advocating.

Mr. RILEY. Well, on Amtrak, there is no question that you can't make up the difference through increased fare. It can't be done. Graham is absolutely right when he says that there is a marginal revenue point. To raise your fare above that point, you actually decrease revenue.

So some of this can come from the farebox. I suspect that will be a limited amount. Again, I can't pinpoint the revenue curve. That is the art of running the business. But how much you can get from revenue on Amtrak is limited. You just lose riders. It has to be systemic.

Senator LAUTENBERG. Give me an idea that I can take back to New Jersey that gives security and comfort to the commuters. How would you suggest that New Jersey raise what Mr. Claytor suggests might be as much as \$47 million? How would you suggest, if we can't get it at the farebox? Would you give us a recommendation that would be greeted affectionately back home?

Mr. RILEY. I am not sure that when you are cutting budgets, you can ever come up with an affectionate recommendation. But I can outline the choices. Are we talking about commuter service that uses the Amtrak trains, or about Amtrak?

INCREASED FARE COST TO NEW JERSEY COMMUTERS

Senator LAUTENBERG. We are talking about Amtrak, we are talking about the whole thing, because included in this is quite a package. I mean we are not singling out any rail users for disadvantage. We are talking about the whole package.

Mr. RILEY. Let me answer the question this way. If Amtrak did not exist, did not run at all, additional costs of about \$212 million would have to be allocated out to all of the commuter agencies all over the Northeast corridor and to the freight railroads. Freight railroads would pay about \$129 million of that. The rest would go to commuters.

Now, faced with that choice, it seems to me that it is in the interest of the State and the commuters to pay a lesser fee to save the difference.

Maybe Lou can shed some light on per-passenger cost. But this gets down to the argument that I am raising; why there is an incentive on the Northeast corridor for other stakeholders to step in, because the absence of Amtrak is much more expensive than contributions to keeping it running, particularly when you realize the whole deficit on the Northeast corridor is only \$247 million; the fully allocated costs are \$212 for these services.

Mr. THOMPSON. Senator, a very quick check. If the New Jersey Transit allocation of the fair share were imposed, that would amount to about 58 cents per passenger.

Senator LAUTENBERG. Fifty-eight cents per passenger per year?

Mr. THOMPSON. Per commuter, per year.

Senator LAUTENBERG. Fifty-eight cents spread over the entire year. A penny a week?

Mr. THOMPSON. No, per trip, per passenger trip.

Senator LAUTENBERG. Per trip. OK. So two trips a day back and forth to work, \$1.16 times five, \$5.50 a week, \$250 bucks after tax, assuming people are going to pay that. So we are talking about an increased cost, before tax, of maybe \$400 or \$500 a year. And that, therefore, has to come out of some program that the State funds.

I take it, Mr. Riley, that the State would have to resort to some kind of a revenue enhancement, as they are commonly called today—not a tax increase, certainly, but a revenue enhancement.

And I guess that would fairly describe the administration's view on how you pay for things.

Mr. RILEY. Well, if you took it all from the farebox, that is what it would cost. But I suggest that the States have a range of options on it.

INCREASED HIGHWAY USAGE

Yes. If, in fact, the concern is that putting these passengers out on the highways would cause greater expenditures by the State on highways, one could put about a five-eighths of a cent user fee on the State gas tax, and that would cover it. But the problem is that if it is not done there, the same choices face all of us at the Federal level. That is the problem with losses that have to be subsidized. Someone has got to subsidize them. Somebody has got to make those choices.

Senator LAUTENBERG. No. What happens is somebody pays. There is no free train ride, to borrow the expression. And the fact of the matter is that you pay, whether it is paid for in tax revenues, or to the conductor on the train who substitutes for IRS, we are going to pay for it.

And I was interested in your testimony earlier on, when you talked about your role vis a vis OMB's recommendations.

Are you willing to say here that this would not be so devastating to Amtrak that Mr. Claytor's view of the untimely demise of Amtrak might take place?

Mr. RILEY. If I understand the question correctly, Mr. Chairman, I have never told the committee that I could guarantee the continued operation of Amtrak in the case of a subsidy.

Senator LAUTENBERG. Let me remove it from the guarantee level and ask if in your mind of minds, do you think a reduction might be as damaging, even at the relatively modest Senate Budget Committee level, that it could cause irreparable damage to Amtrak as a system?

Mr. RILEY. It could, but it doesn't have to.

Senator LAUTENBERG. No, it doesn't have to if we pay for it in other ways.

Mr. RILEY. That is correct.

Senator LAUTENBERG. We can't squeeze enough juice out of this—I don't want to call it a lemon—out of this orange—if Senator Chiles

were here, he would strike whatever citrus reference we made [laughter].

Senator LAUTENBERG. But we can't squeeze enough drops out of this thing that doesn't put the whole proposition in jeopardy in some way.

Mr. RILEY. No. I have tried to outline the numbers as objectively as I can, and I do believe that if you are willing to address issues like the cost share on the corridor, and if somehow the committee made a national labor agreement or trackage right legislation, or a national labor agreement matching the Auto-Train, you could squeeze it down to about \$500 million.

That is where the subsidy comes in. That is about as far as you can squeeze it. And those are tough choices. They can be done, though.

NATIONAL DEFENSE MISSION

Senator LAUTENBERG. Mr. Claytor, is there a national security interest or defense mission in the event of an emergency that Amtrak would fill?

Mr. CLAYTOR. Yes, sir; there certainly is. We have about 70,000 coach seats available, regularly in service every day. We have around 6,000 sleeping car berths available every day. We have, in effect, agreements with the Federal Emergency Management Agency that provide for us to make these available to them in times of emergency that require evacuation of cities or anything like that.

We can make about half of our coach seats available in 4 to 6 hours here on the east coast. We could make all 70,000 available anywhere in the country in about 48 hours, and we have plans actually in being with FEMA to do just that.

We also are working with the Logistics Command of the Army for military movements along the same lines. We do not have the kind of capability that the railroads had in World War II in which they moved practically all the troops in the country for the entire period of the war, and without the railroads we could not have done it.

But we do have—70,000 is a pretty good number. And we can produce that in solid trains anywhere. We will work with the railroads to give the the necessary notice, and we can move those people anywhere in the country with this. Now, if that equipment disappears, that capability is gone. I think it is an important capability.

Senator LAUTENBERG. I wanted to just make certain that the statement that you have made so many times in so many places is clearly understood; that even with the subsidy reduction proposed by the Senate Budget Committee, you are willing to put your professional reputation on the line that as of October 1, 1985, 30 percent, that Amtrak would have to fold its tent.

Mr. CLAYTOR. Yes, sir. \$128 million would be the shortfall the first year. If we then followed with 43 percent the second year and 54 percent the third year, there would, in each of those years, be a somewhat smaller labor protection payment that would about be equal to the reduction in the appropriation.

So in each of the 3 years, we would have between \$120 and \$130 million of shortfall. Now, I don't think there is any way we can make that up. The proposal that we put into effect, the kind of labor-saving arrangements we have in the operation of our Northeast corridor is an objective that we have for the long range. This should be done through discussions with labor. It is a slow process.

We were planning to make progress in that this year and to take over train and engine employees operating on Conrail outside the corridor, as a first step this year. We have put that aside, because I don't think we can persuade people to come work for Amtrak at a time when Amtrak is under the gun.

We do hope to do that. But to do this in one fell swoop, and achieve, as Mr. Riley said, \$60 million worth of savings, is not realistic. I don't think it can be done that way. And so none of the things that would produce the additional money that I can think of can be done in a way—we may be able to manage them over years, but we cannot possibly do it in the next year or so—and \$120 to \$130 million shortfall is money that we don't have, and I think the only responsible thing to do would be to shut the service down and turn it over to a trustee in bankruptcy. Otherwise, we fritter away assets to try to keep running for a little while longer that really belong to creditors, and I don't think that is a responsible thing to do.

ADDITIONAL EXPENSE TO CONRAIL TO KEEP SERVICE

Senator LAUTENBERG. I wanted to ask a question about the Conrail contribution, Conrail being in the state of acquisition that it presently is, suddenly facing significantly higher expense factor.

Mr. Riley, you have had an active interest, and we have talked a lot about this, the sale of Conrail, and as you know and I say it again, I am for the privatization of the railroad to the proper party, and I hope they will be found. We are looking at a diminution of asset value, are we not, if suddenly the prospect of paying more to do business comes about?

Mr. RILEY. You are looking at added cost; there is no question. Conrail right now pays \$20,800,000 for its right to use the corridor. The fully allocated costs in the event of no Amtrak service would be about \$51 million. We feel a more equitable division would be about \$30,700,000 because this is what they were paying before the ICC ordered it back down, and that order was based upon the NERSA Act of 1981.

So you are looking at about \$10 million as a stakeholder for a continued Amtrak. You are looking at about an additional \$30 million annually.

Senator LAUTENBERG. Do you agree, Mr. Claytor? I don't want to get into the numbers game here. It is just that both of you have had more occasion to look at this than I. I know there is going to be significant increase. I thought the number was higher than the \$30 million.

Mr. CLAYTOR. No, that is the figure. See, these figures are based on fully allocated costs being paid by every member. And we asked the

Commission to set the Conrail figure at \$30,700,000, and the commuter agencies accordingly. The Commission refused to do that, and instead said we are the dominant user and we are supposed to absorb all of the overhead costs, namely, absorb the costs that are—

Senator LAUTENBERG. So they are increased costs, if Amtrak were not there to provide the services they do, dispatching, safety, would be \$30 million.

Mr. CLAYTOR. An additional \$30 million. And Mr. Riley I think is not correct—

Senator LAUTENBERG. I am getting a shake of the head here.

Mr. CLAYTOR. No; it is not correct that Conrail did pay that amount first. They have not paid that amount at all. We sought to get them to do so, and we didn't.

Senator LAUTENBERG. What would be the increased cost to Conrail if Amtrak were not there to provide facilities and service that it presently provides?

Mr. RILEY. The fully allocated costs for Conrail's usage are 51.5. I can submit for the record a list of all the railroads and other commuter services and I would be glad to do it. We can submit that for the record.

[The information follows:]

ESTIMATED ADDITIONAL COSTS

The attached schedule shows the estimated additional costs which would be borne by the freight and commuter carriers using the Northeast corridor if they were to bear the costs on a fully allocated basis. At present, pursuant to the ICC decision in Ex Parte 417, they bear only avoidable costs (i.e., that portion of the costs which would not be incurred in their absence) without bearing any of the base, or infrastructure, costs which exist in the presence of anyone or more of the services using the properties.

The first column on the schedule shows the avoidable costs of each of the three services. This represents the costs which, in the long term, could be avoided in the absence of each service. The second column shows the remaining costs of operation and maintenance, \$115,800,000 which are incurred for the benefit of all users but which are not eliminated or reduced in the absence of one or two of the services. This column also shows the estimated assignment of these base costs to the various services based on usage factors.

The third column, the sum of the first two, represents the total common costs incurred in operating and maintaining the NEC, assigned to each service on a fully allocated basis. These costs do not include corporate management above the level of field supervision nor do they include necessary support services such as accounting, labor relations, and personnel departments.

On the freight and commuter lines of the schedules, the fourth column shows the present level of reimbursement to Amtrak by other carriers. Note that this corresponds to the avoidable costs shown in the first column.

The last column shows the additional amounts of compensation to which Amtrak would be entitled under a fully allocated cost-sharing procedure, as it proposed to the ICC in proceedings leading up to the avoidable cost requirements ultimately issued by the Commission.

It is important to understand that the costs shown in the first column as avoidable are to a large extent not readily avoided in the absence of one service or another. Substantial capital investment in reconfiguration of the physical plant would be required over a period of time to eliminate many of these costs.

ESTIMATED NEC COMMON COSTS

IMPACT OF APPLYING FULLY ALLOCATED COST SHARING BY CARRIER—FY 1986

[In thousands of dollars]

	Long-term avoidable cost	Assignment of base costs	Total fully allocated	Present reim- bursement	Shortfall
Amtrak	\$90,000	\$44,600	\$134,000		
Freight:					
Conrail	20,800	30,700	51,500	\$20,800	\$30,700
D&H	1,500	2,200	3,700	1,500	2,200
Boston & Maine	200	400	600	200	400
P&W	100	100	200	100	100
Subtotal	22,600	33,400	56,000	22,600	33,400
Commuter:					
Maryland DOT	400	600	1,000	400	600
SEPTA	13,400	12,500	25,900	13,400	12,500
New Jersey Transit	18,800	18,400	37,200	18,800	18,400
MBTA	1,200	6,300	7,500	1,200	6,300
Subtotal	33,800	37,800	71,600	33,800	37,800
Total	146,400	115,800	262,200	56,400	71,200

¹ These costs are presently borne by Amtrak in their entirety.

Senator LAUTENBERG. OK, fully allocated. And how much of that are they presently paying?

Mr. RILEY. \$20 million.

Senator LAUTENBERG. OK. So we are back to the \$30 million level, roughly, that it would cost. Is that correct? OK.

Mr. CLAYTOR. Well, there are two different issues here, Mr. Lautenberg. That is what we were saying. The \$71 million assumes Amtrak keeps running. In other words, we took the position before the Commission that if we didn't get the \$71 million more from both commuters and Conrail, we would be cross-subsidizing them in part, and we ought to be paid it.

We did not win that; we lost it. Now, if we went back to that, we would be very happy about it, quite frankly.

Senator LAUTENBERG. So Conrail's real earnings are less by a significant factor as we are discussing here, which would be more obviously realized if Amtrak were not there to provide—

COST OF RUNNING CORRIDOR WITHOUT AMTRAK

Mr. CLAYTOR. Now, that is a different question. If Amtrak were not there, then Amtrak's portion of the corridor would not be paid at all, because Amtrak is not there, and the costs are considerably higher than that. In other words, the total additional cost to run the corridor without Amtrak just south of New York would be of the order of \$164 million.

Senator LAUTENBERG. That's where I thought you were.

Mr. CLAYTOR. Conrail's portion of that, we figure—and this is our allocation—would be \$82 million; New Jersey Transit, \$47 million; SEPTA, \$27 million. But that is without Amtrak there.

Now, the figure that Mr. Riley came up with was with Amtrak there, that we still ought to get more in fairness.

Mr. RILEY. That is right.

Mr. CLAYTOR. And that was our position before the Commission, which we did not win.

Senator LAUTENBERG. The point I want to make here now very quickly is that Conrail as an operating entity is worth something less if Amtrak is discontinued.

Mr. CLAYTOR. I think that is right.

Senator LAUTENBERG. So it is a delicate time for us as we negotiate the sale of this. That is another reason to try to keep things intact.

Mr. RILEY. I would make the claim that we do not intend to lower the price, Mr. Chairman. We do not. That is the fixed price.

Senator LAUTENBERG. If I were a buyer on the other side and things kept getting whittled away, I would tell you, I would go back and think it through a little bit. But I am not trying to discourage a sale at all. But I think there is a real world out there in which intelligent people are making decisions based on the value as they see it at a given point.

STATUS OF ATLANTIC CITY LINE

Before I wear out my new welcome from my very generous and distinguished friend and chairman of the subcommittee, I have just a couple of more questions, and that has to do with the Atlantic City Rail Line, which I hate to surprise you with is my interest, but that is the way it is.

Now, Mr. Claytor, first, would the Atlantic City Rail Line, if operated as presently planned, add to the burden of Amtrak subsidy costs?

Mr. CLAYTOR. Our studies have been pretty extensive on this. We are satisfied that we could run the intercity service, not the commuter service, that has to be handled entirely by Jersey, but the intercity service for revenue that would not only cover all of its operating cost, but would also make a significant contribution to overhead.

That would be better than any other train we are running except the Auto-Train. The Auto-Train has been doing that. That is, covering all of the short-term avoidable costs and giving us a little bit on top that helps pay overhead. We think that the Atlantic City route would do that. That means it would help reduce our subsidy, not increase it. And I am satisfied with that.

Now, we have been prepared from the beginning to put in the \$30 million that was appropriated for this as our capital contribution on this, and of course the deferral takes that out of the picture. I would hope that that deferral could be overturned.

I would like to see the Atlantic City project go forward. Now, New Jersey's present plan is to make it considerably more extensive than we did, but that would not affect our part of it.

Senator LAUTENBERG. You said extensive, right?

Mr. CLAYTOR. Well, because they proposed to operate, instead of the original thought, I think was 4 or 5 commuter trains, it's around 11

today. If you do that, you have got to spend a lot more money because you have to put in many more passing tracks and more facilities. And they will have to pay that.

We are not prepared in our present condition to put in any capital other than the \$30 million for obvious reasons. But we hope it can go forward and we are satisfied we can do the intercity part of it on a basis that would reduce, not increase, the subsidy.

Senator LAUTENBERG. Mr. Riley, how about your view on that, on the Atlantic City Rail Line?

Mr. RILEY. I think that Graham's assessment of this contribution of the overall Amtrak system is correct. Our studies indicate that service on that line would meet its variable cost.

Senator LAUTENBERG. Therefore, then, the President's deferral request is one that, I take it, you would not agree with.

BASIS OF DEFERRAL OF ATLANTIC CITY FUNDS

Mr. RILEY. The President's deferral request was based on the broader policy judgment that Federal Government could not continue to subsidize rail passenger transportation, and the deferral was based on that policy judgment.

Senator LAUTENBERG. Well, the policy judgment was made in advance of this decision. And it was agreed to by the parties concerned in the Congress and in the original budget proposal that these funds were to be used for that purpose—that it would make sense from the standpoint of efficiency.

Mr. RILEY. No, that isn't wholly accurate. I mean, we knew that in the end, this line probably would cover its variable cost. That was the premise of the project. But even with the line covering its variable cost, there is still a \$30 million subsidy outlay. It had not yet been disbursed to Amtrak, and that is why it was made subject of the deferral.

Senator LAUTENBERG. In the presentation that you ultimately made to OMB, did you support the deferral?

Mr. RILEY. I support the administration's decision; yes. Otherwise, I would not be up here arguing for it.

Senator LAUTENBERG. Did you support the financing or the contribution to the line initially?

Mr. RILEY. I am not sure I understand. Did I believe the line—oh, yes, there is no question that I believe that if Amtrak continued to be subsidized and run as it is today, this is a logical addition to the system. Bear in mind, however—

Senator LAUTENBERG. For the moment, based on the efficacy of the operation, the value of the line, et cetera, you made a decision earlier on that it was a good thing to do.

Mr. RILEY. I may be off the edge of the train of the questioning, Senator. I want to answer the question, but I am not sure I understand it.

There is no question that, taking all the current assumptions for Amtrak, that line does cover its variable cost, but it does not make a profit;

nor does it break even because it does not cover fixed costs. That is why the subsidy is involved.

Senator LAUTENBERG. Right. We are talking about the initial construction of this line. You, as Chief of the FRA, I believe at the time that it was considered, recommended that it be supported.

Mr. RILEY. That is correct.

Senator LAUTENBERG. That is correct.

ORIGIN OF BUDGET DEFERRAL

Then, let me ask you this. Did the deferral originate with FRA or OMB?

Mr. RILEY. Well, I can only say, Mr. Chairman, that the deferral was not in our original budget request. But I want to say again, in all fairness, that those original budget requests are our wish lists, and they are done without any consideration to overall economic priorities or budget numbers.

You know the deficit, I'm sure, would be at least \$300 billion if every single agency did a budget looking solely at what it wanted to do in isolation of all other priorities. That is why an administration is a unified whole.

Senator LAUTENBERG. Right. But we are not discussing for this moment the budget deficit. We are discussing a commitment that was based on your professional judgment, your responsibilities at the FRA Administrator. You are talking about something that you think is good for the region, that is part of the rail system, that deserves to be there, I assume.

Mr. RILEY. But those numbers cannot be taken in isolation from overall national budget priorities because the fact is that the fiscal condition of the Federal Government is a lot less healthy than the fiscal condition of the States. And if one is going to adopt a policy position that we are going to subsidized rail passenger transportation, then yes, this is clearly a logical addition to the system because it is one of the better performing routes. It is a logical addition.

But a larger philosophical decision has been made that we cannot continue to devote this three-quarters of a billion dollars every year and in light of our fiscal situation.

Senator LAUTENBERG. We are talking about \$30 million in this case. It is recommended by all parties, it was approved in terms of the budget last year, and I would hope that I can enlist your support to get this operation going.

And I recognize the position you are in, though there is no sympathy on my part, obviously.

Thanks verymuch, Mr. Chairman. I have abused my opportunity to take over. I turn it back to you.

Senator ANDREWS [presiding]. Senator, I have found that the more questions we get on the record, the better job we can do. And I'm interested in some of these inconsistencies that come from the administration. It happens to be my administration.

You have a lot better time. I was a minority member for a good many years with a Democratic administration. It was a lot of fun because you could ask all these questions. Now I have got to be somewhat responsible in the questions I ask. [Laughter.]

LONG-DISTANCE TRAIN CUTS

Senator LAUTENBERG. Thank you very much.

One question I asked while you were out, Mr. Chairman, is what some of the long-distance line cuts would mean. And I was assured that one of them passed through North Dakota that they might have to eliminate. I just wanted you to know that.

Senator ANDREWS. Well, we do, and if I remember correctly, about 111,000 passengers board that train every year. Now, that isn't bad for the seven stations out there. They gave us Amtrak on a use-it-or-lose-it basis. We are using it, and that is why we feel the way we do, plus the commitments to the laboring men and women that I think this Government has to live up to.

CONTINUATION OF UNION STATION REDEVELOPMENT

You know, you were talking about the strange way they are treating New Jersey. The smoke and mirrors part of this seems kind of incongruent. Mr. Riley, in proposing zero for Amtrak, the administration is going ahead with money for Union Station redevelopment. Based on our information, you have got 2½ million passengers annually passing through Union Station to justify that redevelopment.

But without this traffic, without these people going through, why do we need to spend more money for Union Station?

Mr. RILEY. There are two reasons. [Laughter.]

Senator ANDREWS. To keep the roof from leaking?

Mr. RILEY. I could roll them into one, I suppose. Union Station is a separate issue. Union Station, because of its situation and its location, we believe and have always believed is a subject for development, regardless of whether passenger transportation goes in there or does not.

Yes, the form of the redevelopment would change. It would not be a railroad station, but there are railroad stations similar to Union Station all over this country that have been redeveloped. But perhaps more important—

Senator ANDREWS. Mr. Riley, you are talking to an old farmer. And they tried to redevelop that thing once as a nonrailroad station. It was the dumbest thing that the Government has done in a long time.

Now, they are trying to redevelop it back as a railroad station, and you are saying it ain't going to be a station no more; we want it as a nonstation.

So, you know, we see shades of the past revisited.

Mr. RILEY. They tried to redevelop it as a Government entity, a visitor's center that did not produce any revenue and pay for its own cost. That is very different from developing it as commercial entity.

Senator ANDREWS. Are you developing it as a commercial entity now? I thought you were developing it as a railroad station.

Mr. RILEY. At the moment, we are developing it as both—as a railroad station back to Burnham's original design, and as a mixed usage commercial mall. You need that revenue to make the station project work. It has always been our view that it could be done, not one way or the other, because the rail revenues alone wouldn't make it, but the commercial revenues alone could.

It was designed as a station in development because rail service was there and it always will be there, since commuter service from Maryland and Metro goes into the station. But, above and beyond all of that, and this is my second point, the Federal Government has leasehold title to that station. It doesn't go away. We either have to repair and develop it, or tear it down. It is a national historical landmark, and the Federal Government would have an independent interest in preserving that landmark, irrespective of what happens on Amtrak.

Senator ANDREWS. If the Federal Government had just left it alone 10 years ago, everything would have been a lot cheaper and better; don't you have to admit that?

Mr. RILEY. That could well be true, Mr. Chairman.

Senator ANDREWS. Now, you are fixing to fix it again, and probably we will have a third fix coming down the line. It is amazing how the Secretary of Transportation can find that 70 million bucks. She comes in here and tells us how tough it is, and then 3 years ago she announced—2 years ago—they were fixing it up, and that she had the \$70 million, which made us look like a bunch of pikers because we hadn't gone through her budget to make sure there was not that much loose cash lying around. Those are interesting things.

CHANGES TO STAGGERS RAIL ACT

There is another interesting thing, Mr. Riley. In your prepared statement, you indicate that if changes are necessary to the Staggers Act, the Interstate Commerce Commission is the proper body to make them.

Now, you know, I studied a little bit of history when I was going to school way back when, and I always thought that it was the proper role of Congress to make changes in existing law. How do you gin up that kind of a statement? I mean are you rewriting the history books, old friend?

Mr. RILEY. Neither. Most of the charges and complaints that have been levied on the Staggers Act—and don't assume that I agree with them by the way I am answering this question, because I do not—have been levied less at the structure of the act than the way the Commission has implemented it and applied the guidelines and standards of the act in specific situations.

The Commission is now holding a general proceeding to hear those complaints. While we have not yet made a formal appearance, we have been there every day to participate and listen, and work with the parties.

If there is to be any fine tuning, it ought to be at most in the application of the standards to specific situations. I believe that the structure of the Staggers Act is sound. I don't think there is any question that the strength of the railroad industry today and the service it provides to shippers is far superior to what it was back in 1979 when a quarter of the Nation's track was in bankruptcy reorganization.

That is the thrust of that statement. It is a direct reference to the proceeding that is now going on in the ICC.

Senator ANDREWS. Well, you are saying you are not necessarily agreeing with the ICC. But the Department, as I understand it, filed in support of the ICC coal guidelines and export coal decisions, and the boxcar decisions, didn't you?

Mr. RILEY. Yes, we did, and I qualified my statement, Mr. Chairman, by saying that my statement is not in derogation of positions the ICC has taken in those broader issues.

Senator ANDREWS. Then let me ask you this followup question. It follows like night follows the day. Do you feel the Commission has properly applied the Staggers provisions?

Mr. RILEY. I think the Commission, in the great majority of cases, has, in fact, properly applied the Staggers provisions, and I do believe it did so in boxcars and export coal.

Now, I think the most controversial areas have to do with joint rates and routings.

Senator ANDREWS. Well, let's let it hang right there, because you said you think they did on export coal. That, again, brings up an interesting juxtaposition, Mr. Riley, that if the ICC were properly applying the law, why would the U.S. court of appeals have overturned the ICC in export coal, which you just said was a good decision? And, in overturning the ICC, the court said that the Commission's exemption decision is "a wholly unreasonable construction of the Staggers Act."

Now, here is a court speaking about the ICC and a totally wild decision that they made, and you saying, "Oh, it is a fine way to construct the Staggers Act."

Mr. RILEY. Because the court ruled that the Commission had not followed all of the procedures required under the Staggers Act in reaching its conclusion. That ruling I am not in a position to comment on.

What I am saying is that the result the Commission reached was a reasonable result, reflective of the balance of economic power in those cases.

STATUS OF MILWAUKEE RAILROAD SALE

Senator ANDREWS. What is the status of the Milwaukee Road sale?

Mr. RILEY. Well, the status of the Milwaukee Road sale is that the trustee has entered an agreement with the Soo Line following the decision by Judge McMillan to award it to the Soo Line.

While I do not know what position the Chicago Milwaukee Corp. will take on that ultimately in the courts, we continue to have a creditor's interest in that case which is not settled.

STATUS OF LOCAL RAIL SERVICE DISCRETIONARY FUNDS

Senator ANDREWS. Mr. Riley, based on suggestions offered by yourself and Secretary Dole during last year's hearings, this committee shifted the funding allocation for branch line assistance, so more funds would be disbursed on a discretionary basis. How has this worked so far in fiscal year 1985?

Mr. RILEY. I think that was an excellent move by the committee, Mr. Chairman, and we have a deadline of April 15 for discretionary applications.

Rather than two formal application deadlines, I have set a single submission deadline for this year. The reason for that is it gives States more time to develop applications while ensuring maximum availability of the construction season. To the extent that the available discretionary funds are not fully allocated in the spring, unfunded applications will be automatically reconsidered in August.

I will be in a position in about 2 weeks to tell you how many applications have come in, but the real benefit of what the committee did last year was to recognize reality; that the need for these kinds of projects tends to fluctuate geographically around the country with changes in class I railroad reorganization. That discretionary power gives us the ability to follow those changes and we intend to do so.

It also gives us the ability to address the particular problems in States like North Dakota and Mississippi where the railroads that are predominant in those States do not use the abandonment listing that triggers the formulas in the act.

DISCONTINUANCE OF BRANCH LINE PROGRAM IN 1986

Senator ANDREWS. Well, Mr. Riley, you warm the cockles of my heart when you come out with this great praise of what the committee did in an area that is so important to so many of these small shippers. But since you are that enthusiastic about it, how come you are asking for zero dollars to continue it next year?

Mr. RILEY. The discretionary approach is a much better way to implement that program, if in fact we can afford to fund it. When you have to cut your budget, and there are not any more easy choices, you start out attempting to cut in areas where, if the Federal Government does not act, there is a high likelihood that either private or State or local entities will come in and step into the shoes of the Federal Government.

There is no question this has been a good program. It has been a very productive one. We are also well aware that now 20 States have set up similar programs at the statewide level. If we had a situation where the budget was in balance, I might take a different position, but when we have got a deficit of this magnitude and something has got to be cut, the area that you are going to cut has got to be the one in which it is highly likely and, in fact, has demonstrated that the States are prepared to take up some or all of that responsibility.

Senator ANDREWS. Well, in the wake of the Conrail sale, don't you believe there may be a need for this type of program to assist shippers

or communities that might want to continue local, regional, or connecting service?

Mr. RILEY. I think the areas where we will end up focusing the funding over the course of the next year will continue to be in the Midwest and the South. I don't believe that the Conrail is going to one way or another, funded or not funded, State or Federal, put much of a strain on those funds.

Conrail had expedited abandonment authority for the last several years, and they used it. They really have run the course of their abandonment program. I do not believe that after surrendering the expedited abandonment authority, the new owner is going to create much additional need. I think it will continue to be the Midwest and the South where the greatest call on those funds, be they State or Federal, will come from.

Senator ANDREWS. Thank you very much, Mr. Riley and Mr. Claytor. We appreciate your coming today. We appreciate your candor.

Senator LAUTENBERG. Can I just ask a short one?

Senator ANDREWS. Sure.

ADDITIONAL AIRLINE SERVICE WITHOUT AMTRAK

Senator LAUTENBERG. Forgive me. I just wanted to clear up one issue, and that is one quick question.

Mr. Claytor, you may have said before, but I ask you to repeat, if the corridor line were not being operated between here and New York, how much airplane service would you have to supply to replace that disrupted traffic?

Who would pick it up?

Mr. CLAYTOR. Oh, 17,500 daily passengers that Amtrak now carries, Washington - Baltimore - Wilmington - Philadelphia-Newark-New York, I think most of them will obviously have to go by air. You cannot drive a car into New York City. Most of these passengers are going from one of these cities, to or from either New York or Washington. And it means more commuter airlines will be created, more flights will have to go into New York. New York is pretty well saturated.

Senator LAUTENBERG. What about Washington National?

Mr. CLAYTOR. Washington National, we don't know how many. We have not gotten a count of how many go into Washington, but let's just take 2,300 a day that go all the way from Washington to New York on Amtrak. That is a minor percentage of the total, but it is a big number, 2,300 a day.

Amtrak hauls 2,300 a day, all the way to New York, from New York to Washington. If that comes off, those 2,300 are surely going to go by air. That is a million passengers a year additional to National Airport, and it amounts to about 38 new flights a day.

And that is just a small segment of the group, because the intermediate passengers are going to have the same problem. And they are the ones who present the big problem, both in New York and in Washington. I believe the Federal Government will end up building a

new airport in at least one of the two places, and if you do that with the connecting routes and everything else, we are talking \$10 billion or more.

Senator LAUTENBERG. Maybe we could disrupt the traffic between the Federal Government and the rest of the country, and that might be—

Senator ANDREWS. Senator, we asked that question earlier, and Mr. Claytor's comment about 38 flights a day makes an interesting statistic, because that is awfully close to the capacity that National has at a peak operating hour.

So if you had to put that many new flights in, you would cut other flights at National Airport by a significant percentage.

Senator LAUTENBERG. And it would not disturb the people in the Congress or anything like that? [Laughter.]

Senator ANDREWS. Somehow or another, there would be fewer flights able to go to Chicago and to Miami, to Milwaukee and Minneapolis.

Mr. CLAYTOR. What would almost certainly happen, Mr. Chairman, is that you cannot, as a practical matter, fly to New York from downtown Washington, from either Dulles or BWI. The travel time just becomes hopeless. So there would be great pressure to move more longer distance flights out of National and practically all of these corridor flights would be trying to go into National, and that means that the flights to points beyond New York, points of 500, 600, or 800 miles would all get switched to these other airports.

And I think that is a bad thing all around.

ATLANTIC CITY DEFERRAL

Senator LAUTENBERG. Thanks very much.

Mr. Riley, just one more question on Atlantic City. On February 6 this year, the President submitted his deferral notice to Congress, proposed to transfer the \$30 million elsewhere. And I quote from that notice:

As of January 8, 1985, no plan was in place. Rehabilitation work had not begun, and it was clear that the congressional mandate was not being met. Therefore, the \$30 million should be used for other purposes.

Do you agree with that view?

Mr. RILEY. Well, for a different reason. The administration's decision on the \$30 million was part and parcel of a larger decision not to fund Amtrak or subsidize rail passenger service.

ENVIRONMENTAL ASSESSMENT ON ATLANTIC CITY LINE

Now, the issue is, what difference would it have made, had an operating plan, or had a variety of other actions been on our desks on January 6? And the answer is none. We could not have disbursed the funds, because the funds could not be disbursed until the end of the environmental assessment process.

In other words, if Congress were today to reject that deferral, we still would not be in a position to make any decision on certification until the end of the environmental assessment.

Now, we are going to keep that going, and we anticipate finishing the environmental assessment between the 1st and the 15th of May, but disbursement of the funds is not possible, or certification, prior to the 1st or the 15th of May.

Senator LAUTENBERG. So you need until May 15, you are saying now, to get the environmental impact statement?

Mr. RILEY. That is right.

Senator LAUTENBERG. Otherwise, do you have everything else that you need in the event the deferral is overturned?

Mr. RILEY. The State has submitted an operating plan and quite a bit of background data. We met with the State, as a matter of fact, last Friday and we are reviewing that. One procedural point that still would have to be met is that we still, or at least not as of last Friday, had received a formal request from Amtrak for the funds. It has to come from Amtrak, not the State.

The point on the environmental assessment, NECIP money was shifted to provide this \$30 million. NECIP money all carries with it a requirement for environmental assessment and, if need be, impact statement. So that process doesn't end till May. That is the earliest point, with or without a deferral, that we could act on those requests, but we have received the package from the State.

Senator LAUTENBERG. Satisfactory?

Mr. RILEY. We are reviewing it now. We are going to continue to review it. We are not going to put it in the drawer.

Senator ANDREWS. Again, thank you very much. You have made a good hearing record.

PREPARED STATEMENTS

I have a statement from Senator Weicker, who is extremely interested in this, that he wanted made part of the record.

Also, a statement by Senator D'Amato and some correspondence for the record from Senator Biden.

[The statements follow:]

STATEMENT OF SENATOR WEICKER

I would like to thank Senator Andrews and all of the members of the Appropriations Subcommittee on Transportation for the opportunity to participate in today's hearing.

As a member of the Transportation Subcommittee which authorized the creation of Amtrak in 1970, I am committed to the continuance of national railroad passenger service in this country. I strongly oppose the administration's proposal to eliminate all Federal funding for Amtrak and I will oppose any attempts to reduce Amtrak funding which result in the bankruptcy of the railroad.

Rail passenger service is an essential component of a balanced, energy efficient, national transportation system. I believe proposals to eliminate or drastically reduce funding for this service, undermine our ability to develop an integrated transportation system which addresses our diverse transportation needs.

I look forward to any testimony from the Administrator of the Federal Railroad Administration or the President of Amtrak which can convince me that this administration is committed to the future of railroad passenger service and that the fiscal year 1986 budget proposal will not result in the demise of such a necessary national service.

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, I thank you for permitting me to offer my comments for the record regarding the proposed fiscal year 1986 budget for the Federal Railroad Administration [FRA] and the National Railroad Passenger Corporation [Amtrak].

The administration's budget includes no funding for Amtrak in fiscal year 1986. In fiscal year 1985, Amtrak received \$684 million in Federal subsidies; the previous year the national rail passenger system received \$818 million. Despite the fact that Federal Amtrak subsidies have been declining over recent years, the proposed budget indicates that Amtrak has failed to justify continued Federal subsidies because of low system-wide ridership and high costs relative to other modes of transportation.

I am concerned that this budget proposal does not adequately consider the need for this Nation to have a national passenger rail system. In New York State, 56 Amtrak trains travel through the State; in 1984, they carried more than 7 million passengers. Nine long-distance Amtrak trains serve Pennsylvania Station and transport passengers who have chosen rail travel in lieu of automobile, bus, or air travel for many different reasons. Instead of belonging to middle- to upper-income levels as suggested by the budget documents, many passengers are working-class families, tourists, and others who prefer, for financial or personal reasons, to use rail transportation.

New York State has made many contributions to keeping the Amtrak system viable, including its commitment through the State-assisted services program. In fiscal year 1985, the State spent more than \$1.1 million to provide service from Syracuse to Niagara Falls and from Albany to Montreal. Amtrak employs 2,355 New York State residents whose annual earnings total \$56.7 million. In addition, Amtrak spends about \$17 million for procurement of goods and service in the State.

Amtrak's passenger revenues now fund about 60 percent of its costs. However, this is a substantial improvement from 1980, when revenues covered only about 48 percent of costs. There is no doubt that Amtrak service and economy have improved in recent years as a result of the infusion of billions of Federal dollars to upgrade the system's infrastructure. Rolling stock, computer systems, passenger stations, and maintenance facilities have been improved and we are now beginning to reap the benefits of our investment. Ridership on Metroliner trains was up 18.5 percent in fiscal year 1984. Amtrak now carries 60 percent of all rail and air passengers on the Washington, DC, to New York City route. Certainly, this is not the time to dismantle Amtrak.

I am not convinced that we will be able to retain a cohesive national passenger rail system if we attempt to sell off routes on a piece-meal basis. The budget proposal states that, if there is demand for service, then private entities and/or States and localities will come forward to operate the routes. However, when the Secretary of Transportation testified before this subcommittee on the fiscal year 1986 budget, she did not mention any offers that have been made to operate Amtrak routes. We have no assurances of the continuation of service of any kind, especially important intercity service linking the Nation coast to coast.

The Federal deficit cannot be ignored. However, responsible work on deficit reduction does not include recklessly throwing away irreplaceable assets such as a national rail passenger system. Amtrak, like other Federal programs, must tighten its belt and economize where possible. I will support a reasoned reduction in Federal subsidies for that purpose. I trust that when the Senate finishes its work on the budget it will not eliminate funding for Amtrak, nor will it make crippling cuts in the railroad. A reasoned approach is needed that will address the dual needs to reduce the deficit and to preserve passenger rail service.

In addition, the fiscal year 1986 budget proposes an end to Federal freight assistance programs. I am concerned that this may make it much more difficult for small railroads to improve their service and competitiveness. Again, reductions in this area are more appropriate than elimination of programs.

Mr. Chairman, I thank you for this opportunity to submit my remarks to the subcommittee.

STATEMENT OF SENATOR BIDEN

Thank you Mr. Chairman,

I am here to urge support Amtrak funding for FY 1986 at the same level it was for FY 1985. I believe it would be a serious mistake to end Amtrak service in both the short and long run.

The administration has been looking at Amtrak for a long time as one of the areas that could be targeted for budget cuts. I have always thought that sharp budget cuts for Amtrak would be a bad idea. After studying the reasons the Administration gives for the cuts, I am still not convinced of their merits.

Amtrak has had to overcome a number of serious handicaps to reach the level of service it provides today. Prior to the creation of Amtrak, the owners of the nations' passenger rail companies had been disinvesting from the business for years. By the time the government took over, the result of this inattention was evident everywhere you looked: the conditions of the trains were terrible, morale among employees was understandably low, and the physical plant was in desperate need of improvement.

Congress made a commitment to reviving our nation's rail passenger service. Since the early 1970's, the government has invested billions into returning passenger rail service to levels comparable to those in other countries.

In 1979 Congress set specific goals for Amtrak to meet in recovering its operating costs. Amtrak has met these goals and has cut its need for federal subsidies by 26%, in real terms, since 1981. Amtrak has done what Congress ordered it to do - become increasingly more self-sufficient - and I do not believe it would be in the best interests of the country to throw away the progress that has been made over the past decade and more.

I believe many of the Administration's justifications for ending Amtrak are based on faulty or questionable reasoning. One of the prime examples of this is the assertion that the government will not be ultimately liable for the \$2.1 Billion in labor costs that would be incurred over the next six years in the event of an Amtrak shutdown. This claim appears to be based more on hope than fact.

A second justification for cutting Amtrak, the claim that Amtrak riders are subsidized more than any other traveller, is simply incorrect. On total subsidization - including direct and indirect assistance - there is no doubt that Amtrak riders finish far behind air travellers.

The problem with the Administration's arguments is that they did not look beyond the easily found costs listed on a line in the budget. Air travellers get their subsidies through more roundabout ways, but the final effect is the same - the taxpayer helps to pay for the cost of their transportation.

The administration's study did not include the tax deductions that can be used for business travel - which works out to a hefty \$33 per passenger; nor the cost of operating and maintaining the air traffic control system - another \$9 per airline passenger; nor the air transportation support costs covered by the Federal Aviation Administration - which the American taxpayer has paid more for since 1972 than it has to rebuild and operate Amtrak.

The fact is that Amtrak costs the government less per passenger than air travel, but it takes a little more effort than the Administration was willing to put in to find out that this is the case. The numbers for Amtrak are easy to find, but the air travel numbers are scattered and not as obvious. When it gets to the taxpayer though, the bottom line is that each air traveller gets more in the way of federal help than Amtrak rider.

A further assertion that liquidation of Amtrak would cover the costs of ending Amtrak service and operations could best be termed dubious. I haven't heard of any companies clamoring to buy Amtrak locomotives or passenger cars since its elimination has been proposed. The fact is that there will not be a market of any value for much of the equipment Amtrak owns. I think an analogous situation already exists with respect to retired cabooses. A booming market in cabooses

does not exist because there is no practical use for them on America's railroads. The only people buying them now are individuals interested in turning them into something else, a part of a restaurant or a cabin, for example. You can imagine how bad the market would be for many of the cars and locomotives of Amtrak in a country without passenger rail service. Why would anyone want them?

Finally, the Administration supposes that if service is desirable and economically viable, others will pick up the slack left in the wake of Amtrak. They don't give hints as to who the "others" are who are waiting to jump into the passenger rail business, but I have the feeling they believe the rail freight companies, which have the most experience of anyone running a railroad, would step into the void. However, it is important to remember that these are the same companies that withdrew rail passenger service during the 50's and 60's, leading to the creation of Amtrak. I would not want to return a new and improved Amtrak to the same companies that ran it into the ground earlier.

I want to take a minute to describe for you some examples of what I believe would happen in my home state of Delaware if Amtrak were eliminated. Wilmington, the largest city in the state, is located on the most heavily travelled section of the entire Amtrak system - the Northeast Corridor. What happens if Amtrak is no longer available?

Even under the Administration's scenario it will be months at best, and more likely years before Amtrak's property and track can clear bankruptcy court and be used for passenger rail service again. In the meantime, Wilmington residents might be able to use airline service instead of the train, but unfortunately all the useful time slots at the airports they would be flying to - Washington's and New York's - are already filled. In essence, Delaware travellers would be stranded because so many of our nation's airports are already overcrowded. The increase in demand that could be expected without Amtrak simply could not be handled.

The list of casualties that would be caused by the end of Amtrak is quite extensive, and I find it hard to believe that the Administration is willing to sacrifice so much in the name of budget cuts. Twenty five thousand people would be out of jobs. The labor protection agreements I mentioned earlier would cost the government more than the \$2 Billion over the next six years - and have nothing to show for it. The \$3 Billion the government invested in new trains, maintenance facilities, tracks and improved railroad stations would be wasted. Commuters and freight customers in the Northeast would see their costs increase tremendously overnight - between them more than \$200 Million would have to be found just to operate the Northeast Corridor. This total does not even include capital maintenance costs that could be expected. The railroad retirement system, which recently made major adjustments to stay solvent, would once again face insolvency. Increased wear and tear on the nation's highways could be counted on, along with the environmental problems associated with cars. The national defense and emergency preparedness would be hurt as the rapid and massive transportation that Amtrak provides is lost.

I think there is a recurrent problem in the reasoning used by the Administration in calling for the end of Amtrak. "The system loses money so it must be abandoned" seems to be the main argument. But a closer look shows that substantial progress has been made in cutting costs and reducing federal help. The ripple effect through states' economies would be traumatic, the money spent on bringing Amtrak to a point where it is considered competitive again would be wasted, and the probability that further improvements would make Amtrak an even better value would be lost.

I am disappointed the Budget Committee went along with a serious cut in Amtrak funding. I believe many of the problems that arise with a complete elimination of Amtrak will also develop under cuts of the size proposed by the Budget Committee. A reduction of 30% just as Amtrak has managed to turn its operations around would be a serious setback for the future viability of rail travel. I urge a freezing of Amtrak funding at FY 1985 levels.

Mr. Chairman, thank you for giving me the opportunity to testify. I look forward to working with the members of the Appropriations Committee on the issue of Amtrak funding.

LETTER FROM SENATOR PELL

March 22, 1985

The Honorable Mark Andrews, Chairman
Subcommittee on Transportation and Related Agencies
Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Mr. Chairman:

I am writing to urge that the Subcommittee on Transportation and Related Agencies approve a sufficient level of funding for the National Railroad Passenger Corporation in FY 1986 to assure the continuation of Amtrak service at existing levels, particularly in high density areas such as the Northeast Corridor.

As you know, I have been an active proponent of improved railroad service throughout my Senate career, and I remain thoroughly committed to the principle that rail passenger service, with its high capacity for efficiency and safety, remains an essential component of our transportation system.

The Administration's proposal to terminate Amtrak's subsidy strikes me as very shortsighted because it fails to make provision for the 20,000,000 rail passengers a year -- including more than 18,000 a day in the Northeast Corridor -- who would have to be absorbed by other carriers. The already substantial public subsidies extended to air and highway carriers almost certainly would have to be increased and, in many cases, particularly in peak or emergency situations, the public might not have any adequate, alternative service.

In Rhode Island, we have a unique situation because Amtrak is not only an important component of our transportation system, but it is also the keystone of urban redevelopment in our major metropolitan area. Over 400,000 rail trips were made to and from Rhode Island stations in 1984, and elimination of the service would place an almost intolerable burden on our heavily traveled highway system. The impact would be particularly heavy on our urban interstate segments which were designed with every expectation that the rail system would continue to carry its share indefinitely.

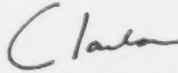
Rhode Island is so committed to rail travel, in fact, that it is the very centerpiece of the reconstruction of downtown Providence. The \$30 million project involves relocation of Amtrak's main line through the heart of downtown, from an elevated loop that has long separated the business district from the Statehouse to a new below-grade right-of-way, serviced by a new railroad station. Some \$24 million in Federal funds have been spent or obligated for the project, and it would be the height of folly to now terminate the service for which it was designed.

Governor Edward D. DiPrete and Mr. Joseph Pezza, the new director of the state Department of Transportation have both written to me to express their concern about the impact of the proposed elimination of Amtrak subsidies, particularly in view of the redevelopment project, and I enclose their letters for your review. I

urge your subcommittee to give its attention to this unique situation and to make adequate provision for the continuation of Amtrak service in Rhode Island and throughout the Northeast Corridor.

With every good wish,

Sincerely,

A handwritten signature in dark ink, appearing to read "Claiborne Pell". The signature is fluid and cursive, with the first name "Claiborne" written in a larger, more prominent script than the last name "Pell".

Claiborne Pell

LETTER FROM GOV. EDWARD D. DiPRETE OF RHODE ISLAND

March 7, 1985

The Honorable Claiborne Pell
United States Senator
One Exchange Terrace
418 Federal Building
Providence, RI 02903

MAR 11 1985
PROVIDENCE

Dear Senator Pell:

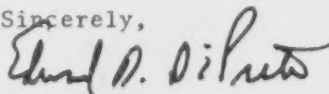
My staff has initiated a preliminary review of President Reagan's proposed budget with an eye towards its implications for the State of Rhode Island and its people. One issue that strikes me as potentially of significant impact is the Reagan budget proposal to eliminate subsidies for Amtrak.

As you know, we are nearing completion of the new train station and associated rail realignment that is the centerpiece of the Capital Center Project. Our new station will reinforce focus on the advantages and opportunities of Northeast corridor rail travel. The station and adjacent 360 car parking garage will make even more convenient the opportunities afforded by Amtrak service throughout the City of Providence to Boston and to points south.

It is my understanding that the Reagan budget proposes elimination of Amtrak subsidies as part of its cost-cutting endeavors. We certainly are not quarreling with the need to institute belt tightening measures at all levels. Indeed one of the centerpieces of my Administration's goals is to reduce or eliminate wherever possible wasteful State expenditures. I am certain that there are ways that Amtrak can be induced to similarly slim their subsidy but I would respectfully request that the delegation review with the Administration potential ways to achieve that goal in a manner that will not be deleterious to rail transit in Rhode Island and the Northeast corridor.

Clearly, passenger rail and Amtrak are a crucial element to our State and regional economy. Our ultimate goal is Amtrak self-sufficiency, not elimination of passenger rail service. Let us look to ways to improve efficiency and thereby reduce cost in an orderly, phased schedule of subsidy reduction rather than an outright elimination of all federal support for Amtrak as proposed.

Sincerely,



Edward D. DiPrete
Governor

LETTER FROM JOSEPH PEZZA, DIRECTOR, RHODE ISLAND DEPARTMENT
OF TRANSPORTATION

February 28, 1985

The Honorable Claiborne deB. Pell
US Senator
335 Senate Office Building
Washington, DC 20510

Dear Senator Pell:

I am writing to express a major concern with the Administration's proposed fiscal year 1986 budget. This concern is the proposal to eliminate all appropriations for the Northeast Corridor Improvement Project (NECIP) and the National Railroad Passenger Corporation (AMTRAK).

As you know, the center piece of the Capital Center Project, which is currently transforming Providence, is the construction of a new AMTRAK station and relocation of the Northeast Corridor rail line. The new station is approximately 55 percent complete and construction is scheduled to be completed in November, 1985. Relocation of the rail line will begin this Spring and is scheduled to be completed in November, 1985. The attached photographs, taken in January, 1985, also show this project's status. If you have seen Providence recently, I am sure you understand that a halt or even a delay in funding for the rail portion of the Capital Center Project would be disastrous. Scheduled highway improvements, redevelopment of the existing Union Station and new development in the Capital Center area could not occur.

Elimination of AMTRAK funding would also have significant adverse impacts in Rhode Island. During federal fiscal year 1984, 413,488 rail trips were made from or to Rhode Island rail stations. Ridership by station was as follows:

Providence	303,943
Kingston	73,584
Westerly	32,112
East Greenwich	<u>3,849</u>
Rhode Island	413,488

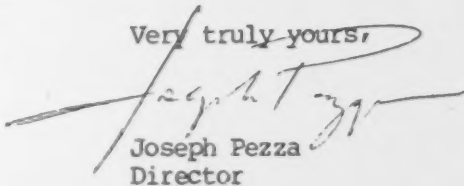
While some of these trips may shift to the bus or air mode, I am sure that a significant number of these trips would have to shift to the auto mode. Some travellers who cannot afford an alternative mode have to eliminate travel.

Also since the new Providence rail station, as well as other Rhode Island rail stations, will be operated and maintained by AMTRAK, we could be faced by the prospect of a modern, brand new, unused and unmaintained rail station located in the center of the Providence Central Business District. I doubt that this will induce too many businesses to locate in Providence. This would seriously affect development and business activity in Rhode Island.

While I know government expenditures must be cut, I am sure that you agree that we must consider the impacts on the business climate in our cities. I believe that the cost to Rhode Island of this federal expenditure reduction would exceed the benefit derived. I am sure that other cities in the Northeast Corridor will experience similar impacts.

If you would like to discuss the impacts of NECIP and AMTRAK funding cuts on Rhode Island further, please do not hesitate to contact me.

Very truly yours,



Joseph Pezza
Director

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted for response for the record:]

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

QUESTIONS SUBMITTED BY SENATOR ANDREWS

GENERAL OVERVIEW

SENATOR ANDREWS: Mr. Claytor last year the FRA chief had nothing but praise for you. In fact he pointed out "There is nothing I could say that would add to the luster of Graham's accomplishments..." given that unsolicited testimonial from last year and this year's Administration request -- what did you do wrong?

ANSWER: Nothing. In fact we have improved our financial performance in terms of our overall revenue to cost ratio, which will increase from 56 percent in fiscal year 1984 to a projected 58 percent and 60 percent in fiscal years 1985 and 1986 respectively. Passenger complaints continue to decrease, and our system-wide on-time performance has been around 80 percent over the last three years. We plan to continue these positive trends.

SENATOR ANDREWS: Isn't it true that you are running more route miles in 1985 at approximately 28 percent lower funding?

ANSWER: Amtrak in FY 1985 is running approximately the same number of route miles as in FY 1981. However, our FY 1985 budget of \$684 million represents a 36.5 percent decrease in federal funding for Amtrak in constant FY 1985 dollars from the funding level of FY 1981. Because of inflation, maintaining a \$684 million funding level for FY 1986 would represent a further decrease of about 5 percent in the level of federal funding to operate the same route system.

SENATOR ANDREWS: Have you prepared a report or done any study of what can and cannot be done with various funding levels below \$684 million? For example, at the \$600 million level, the \$550 million level and lower.

ANSWER: Yes, we have studied the consequences of various funding levels below \$684 million. Examples of two such funding levels are summarized below. These examples illustrate the options available to Amtrak to quickly reduce its subsidy, i.e. deferring programs and discontinuing service. As you read these examples, keep in mind that at \$684 million Amtrak would be frozen at its FY 1985 funding level and would, therefore, already have had to absorb inflation of about 5% before dealing with any further reductions.

o Example 1 - FY 1986 Funding Cut by 10% to \$616 million. Amtrak's FY 1986 Capital Program would be virtually eliminated and various equipment, facility and right-of-way maintenance programs would be deferred. While Amtrak could survive these cutbacks for a short time, it could not sustain them indefinitely. In fact, even in the first year, ride quality, on-time performance, schedule reliability and equipment reliability would begin to suffer. At some point, perhaps as early as next summer, passenger volumes would erode and revenues would fall. At the same time, routine maintenance requirements would begin to increase and,

consequently, costs would start to rise. Within a relatively brief period, the combined impact of declining revenues and rising costs would more than offset the subsidy impact of continued program deferrals.

o Example 2 - FY 1986 Funding Cut by 30% to \$479 million. Simply stated, Amtrak could not operate at this level. Therefore, the impact would be the same as if Amtrak received no funding at all. The problem with a reduction of this magnitude is that it would trigger massive route and frequency discontinuances. Unfortunately, the cost savings generated by these discontinuances would largely be consumed by revenue losses and labor protection obligations. For example, if Amtrak eliminated all routes except for those that currently operate wholly within the NEC, the resulting cost savings of \$957 million would be offset by a revenue loss of \$595 million and a first year labor protection obligation of \$330 million leaving a total first year subsidy reduction of only \$32 million. This example illustrates the fact that Amtrak's subsidy cannot be meaningfully reduced by discontinuing service. On the other hand, Amtrak would be unable to sustain current service levels if its subsidy were cut by 30%. In other words, Amtrak would obviously have insufficient resources to continue operating all of its current services, but couldn't afford to discontinue them because of labor protection costs that this action would trigger. Consequently, if its subsidy were cut by 30%, Amtrak's only recourse would be to declare bankruptcy.

SENATOR ANDREWS: If not, for the Committee's use please provide a brief description at what Amtrak could provide at different funding levels assuming a 10 percent, 20 percent and 30 percent cut. Also, please highlight what does not get done.

ANSWER: There is little that we can suddenly do that will enable us to continue to operate and save a lot of money. If our budget is cut 10 percent, we would survive by reducing maintenance that is not related to safety, refurbish cars less often, adjust some frequencies, and have virtually no capital program. Even to do this we would need additional flexibility including the items requested in our legislative proposals as well as legislative action to assure our ability to adjust frequencies without incurring labor protection costs.

Even with this assistance, in the long run service would deteriorate and it would not be a very cost effective thing to do because we would increase our costs in later years to do the things we could not accomplish. In addition, Amtrak is already assuming about a 5 percent cut in our budget by absorbing inflation and freezing our FY 1986 budget level at \$684 million. So a 10 percent reduction is not something, I could in good faith recommend as a responsible thing to do even though it would allow Amtrak to continue full service. Anything beyond about a 10 percent reduction would result in significant route reductions, triggering labor protection costs which

make requisite savings impossible to achieve. Therefore, I do not believe Amtrak could survive any significant reductions.

UNION STATION

SENATOR ANDREWS: Doesn't it seem somewhat incongruent to you that in proposing zero for Amtrak, the Administration's going ahead with Union Station redevelopment? Based on our information, approximately 2.5 million passengers annually pass through Washington's Union Station. Without this traffic what becomes of the redevelopment effort?

ANSWER: I am very much afraid that Union Station redevelopment project would not be viable if the Administration succeeds in eliminating Amtrak's subsidy. This is so for two reasons.

First, the anticipated traffic flow through Union Station on which current development plans depend would drop significantly if that facility ceased to become a terminus for intercity passenger service. Despite the Administration's contention that other parties would pick up intercity service after Amtrak's demise, I consider that most unlikely. Without funding there will be no Amtrak, without Amtrak there will be no intercity passengers, and without intercity passengers it will be difficult to have a viable redevelopment project.

Second, the renovation of the station -- which is the major expense in the overall redevelopment project -- is being funded entirely by Amtrak. While Amtrak is contractually committed to funding this project, the project would appear to have no preferred status over any other creditor in the event of Amtrak's bankruptcy.

SENATOR ANDREWS: There are many other stations like Washington's where either private or public investment has been made for station improvement. Do you have an estimate of funds expended in this area by others?

ANSWER: Over the last several years Amtrak has participated in many station improvement projects that were funded fully, or in part, by non-Amtrak sources. Since about 1980, Amtrak has expended \$7.2 million toward jointly funded projects, and has been the beneficiary of over \$59 million in non-Amtrak funding.

STATE COMPACT

SENATOR ANDREWS: Mr. Claytor, given your experience on negotiating the State train compacts under the 403(b) program, how long do you estimate it would take, (if ever), to negotiate a multi-state compact to continue running Amtrak service?

ANSWER: I believe that the possibility for negotiating multi-state compacts to continue running Amtrak service is highly unlikely. In a multi-state compact, there is no generally accepted principle defining how each state's share is to be calculated. The states would have

to agree on some basis such as route miles, passenger miles or station ridership statistics. Major differences in opinion could be expected. Also, each state would want optimum daylight times for their route segment. On an overnight train, this would present an impossible situation since some portion of the route would have to be served at generally inconvenient hours.

The majority of states are currently considering (or may have even finalized) their FY 1986 budgets. It would not be realistic to assume that new appropriation bills could be considered and passed by states in time for an October 1985 implementation. At best, states would be able to consider legislation next year for FY 1987 implementation. If Amtrak is forced to shut down due to lack of sufficient federal funding, there would be no entity with which states could contract by then.

Before states could begin active discussions, multi-state compacts would have to be formed. Federal law provides that such compacts require legislative approval by the U.S. Congress. This process could be time consuming and would further delay the states' abilities to actively pursue jointly-funded passenger rail service.

In summary, I do not believe that multi-state compacts are a viable option.

SENATOR ANDREWS: Could you give the Committee examples of where multi-state compacts have been attempted but not successfully implemented?

ANSWER: In 1979, Amtrak's national route structure was reduced (including several long-distance trains) in conjunction with the Department of Transportation's recommendations. Amtrak was directed to give priority to 403(b) applications from states wishing to jointly fund rail service on discontinued routes. The National Limited, between New York City and Kansas City, was one of the discontinued routes, and there was some interest on the part of New York, New Jersey, Pennsylvania, Indiana, Illinois and Missouri to reestablish service on a 403(b) basis. However, only the segment between St. Louis and Kansas City was implemented by Missouri. The other states could not reach agreement on an acceptable schedule and an appropriate division of costs. Therefore, the balance of the route from St. Louis to New York City was not reestablished.

Amtrak has had limited experience in multi-state 403(b) services. Alabama, Mississippi and Louisiana jointly participated in a Mobile-New Orleans train 403(b) which operated during the New Orleans World's Fair. This train began operation in April 1984. However, Mississippi did not make its share of funds available for later continuation of this service, and it was discontinued in January 1985. The states of New York and Michigan jointly participated in Buffalo-Detroit 403(b) service at one time. When New York withdrew its funding support, Michigan was unable to absorb the additional costs and the service was discontinued. There are no 403(b) trains currently in operation under multi-state compacts.

SELF SUPPORTING

SENATOR ANDREWS: Would Amtrak be able to operate any trains on a self-supporting basis if federal subsidies are eliminated?

ANSWER: No. The elimination of federal subsidies would result in the termination of all Amtrak service. While some of Amtrak's routes do cover their direct operating expenses with ticket sales revenue (many of the trains in the Northeast Corridor, for example), no route covers even its long-term avoidable costs, and of course none cover its total or fully allocated costs, including infrastructure costs. Consequently, no route could stand alone on a self-supporting basis.

It is worth noting that no passenger railroad in the world could provide service without subsidy. Indeed, every developed country subsidizes its passenger service. Furthermore, all transportation in the United States receives subsidies. While these subsidies are generally indirect and support multiple uses (of which buses and airlines are a part) they are subsidies nonetheless.

SENATOR ANDREWS: If some routes could be operated, which routes would be continued and would service cut-backs be made on these routes?

ANSWER: Amtrak has evaluated several scenarios to determine which, if any, routes could be continued with the elimination or major reduction of federal subsidy. All the analysis indicates that as a result of labor protection requirements, the elimination or major reduction of federal subsidies for Amtrak will result in insolvency and the termination of all intercity train service.

SENATOR ANDREWS: If no routes would be operated, what are the reasons?

ANSWER: At Amtrak's inception, agreements were established at the direction of Congress between Amtrak, its contract railroads and its employees to protect the interests of employees adversely affected by potential train discontinuances.

Any budget established on the basis of an appropriation substantially less than our existing one would result in some routes being discontinued. Termination of any route starts a domino effect as the labor protection costs for routes eliminated use up an ever increasing portion of the budget. In short, labor protection costs lock us in so that it is not possible for us both to cut back service and significantly reduce our funding needs. And this "Catch 22" is with us regardless of which routes we would try to operate.

For example, if Amtrak were to discontinue the five most expensive long distance routes we operate, Amtrak would nominally save the \$101 million annual long term avoidable loss these routes incur. Labor protection costs, however, would be about \$81 million in the first

year resulting in a modest \$20 million savings, while annually eliminating 1.3 billion passenger miles.

A similar situation occurs if we attempt to operate only the Northeast Corridor - a route that covers its direct operating costs. If all service other than the Boston-Washington corridor were discontinued, there would be no off-corridor losses other than a one time \$30 million shutdown cost. First year labor protection costs from closing the national system, however, would be \$330 million. The costs above revenues for operating the Northeast Corridor would be \$247 million. Thus, to operate only the NEC in FY 1986 would require about \$607 million in federal support.

As shown above, a zero budget or a budget reduced significantly below the \$684 million level would produce a funding shortfall. Amtrak would be insolvent, and the only responsible action would be a total shutdown of the Amtrak system.

SENATOR ANDREWS: For any routes that would be abandoned, what are the major types of expenses that Amtrak would continue to incur for such items as long-term leases? How much in potential costs are involved?

ANSWER: Most of the some 300 lease agreements currently in existence are terminable within a short period of time upon the cessation of service. However, nearly 100 leases have no specific termination clause or other provision that Amtrak could exercise in the event of a route shutdown. These leases require reasonable effort by the landlord to re-lease the property. This action would probably be successful where the lease is at or below market rates, and there is high demand for the leased property.

Amtrak's liability for the first year on all leases without termination provision is \$7 million. In the event that Amtrak is not able to negotiate a release from its obligations, it is liable for the unexpired term of all the leases which could reach \$39 million.

It is estimated that storage and protection of equipment and property would approximate \$3 to 5 million a year.

PRIVATIZATION

SENATOR ANDREWS: The Administration has said that private companies would take over some routes, like the service that operates between Washington and New York. Do you expect any interest by the private sector to replace any rail service that Amtrak may terminate because of the reduction in federal subsidies? If so, what routes and services do you expect that the private sector would operate?

ANSWER: I think it is certain that no private company would take over and operate any Amtrak service. This is because no rail passenger service could return a profit. Prior to 1971, all the service Amtrak now operates was provided by private enterprise, railroad

companies that had struggled for 20 years to get rid of it. Of all private companies that could undertake to run a rail passenger service, these are undoubtedly the best qualified. Yet not one railroad company has elected to stay in the intercity passenger business today. Instead. Under provisions of Section 401 of the Rail Passenger Service Act, twenty two companies paid more than \$200 million to Amtrak in order to get out of the business, and signed contracts with Amtrak that enable us to operate our services over their properties essentially on an avoidable cost basis. If these professionals wanted to get out of the business that badly, I can't imagine that they or anyone else would want to get back into it.

SENATOR ANDREWS: What economies can the private sector achieve that have not or could not be achieved by Amtrak that would allow private companies to operate services at a profit?

ANSWER: It would be highly speculative to comment on what economies could or could not be achieved by the private sector. There are more diseconomies with multiple private companies attempting to operate fragmented segments of the current system than there are economies. That was one of the problems prior to 1971. The private railroads had duplicate management structures, other support functions, and lacked a centralized maintenance capability. Most of these economies were realized with the creation of Amtrak in 1971.

SENATOR ANDREWS: Amtrak has said that all service will be discontinued on September 30, 1985, if subsidies are eliminated. Has Amtrak developed a contingency plan for stopping service? If so, describe the plan and how it would be implemented.

ANSWER: At this point Amtrak has not developed a specific contingency plan for eliminating all service on September 30, 1985, in the event no federal funding is provided for FY 1986. If as time passes it appears increasingly likely that Amtrak will not have adequate funding to operate its system next year, we will certainly develop a contingency plan, and will coordinate with other involved parties such as our contracting railroads, commuter agencies who operate over our lines or rely on our services, and the FRA.

We should note that Amtrak has only a limited ability to define the course of action it would follow if all funding were eliminated, for in that event we would unquestionably be insolvent, we would be placed in bankruptcy either voluntarily or involuntarily, and the Corporation's affairs would thenceforth be managed by a trustee in bankruptcy, subject to the supervision of a bankruptcy judge. Any plans we made to prevent major service disruptions--for example, plans to transfer control of essential facilities to Northeast Corridor commuter agencies--could be implemented only at the direction of the trustee. At present it seems most unlikely

that he could take steps that could avoid significant disruption without running afoul of his obligation to protect the value of Amtrak's estate for the benefit of its creditors.

LABOR PROTECTION

SENATOR ANDREWS: If federal subsidies are eliminated, how much do you expect that Amtrak will incur in labor protection costs for employees who are laid off?

ANSWER: The labor protection payments that Amtrak will be required to pay to displaced employees are estimated to be approximately \$2.1 billion over a six year period. In addition, the railroads over which we operate would be subject to an estimated labor protection liability of about \$200 million over the same period. In the first year, Amtrak's liability would be about \$645 million or more than the grant we are seeking for operations in FY 1986.

SENATOR ANDREWS: If Amtrak were to cease operations, would it have enough funds to pay the labor protection costs of the employees who are laid off.

ANSWER: If Amtrak ceased operations there would not be sufficient funds to pay the first year liability, much less the entire six year cost of \$2.1 billion. It has been suggested that Amtrak could pay labor protection out of the sale of its assets. With Amtrak eliminated, our equipment would have relatively little market value, and I believe, much of our equipment and facilities would have to be liquidated at scrap value. The liquidation value, of course, would be totally insufficient to pay the labor protection liability, quite apart from other substantial claims against Amtrak's estate.

SENATOR ANDREWS: If Amtrak would not have enough funds to cover labor protection costs, would the federal government be liable for paying the balance of these costs? If so, how much cost would the federal government have to bear?

ANSWER: Our best judgment on this complicated legal question is that there is a substantial likelihood--on the order of at least a 50-50 chance--that a court would hold the United States responsible for Amtrak's labor protection obligations.

Our view, which has been confirmed by extensive discussions with outside counsel experienced in these matters, takes into account the following facts:

- Congress created Amtrak and required it to engage in a clearly money-losing venture;
- Congress required Amtrak to enter into arrangements, which were in fact promulgated by the Secretary of Labor, to guarantee labor protection payments to employees affected by the discontinuance of rail passenger service;

- Congress made labor protection available for the plain purpose of inducing employees to remain with the rail passenger business, notwithstanding the uncertain future of that business;
- A great many employees obviously relied on the promise of the United States in choosing to remain with rail passenger service, and in doing so many passed up the opportunity to claim labor protection benefits that were available at the time under Section 5(2)(f) of the Interstate Commerce Act;
- Congress never provided sufficient equity investment in Amtrak to enable it to discharge all its obligations, and chose instead to provide annual appropriations large enough only to cover the Corporation's losses. Those appropriations would be wholly inadequate to cover the substantial labor protection liability Congress would knowingly trigger if it adopted a zero budget for Amtrak in FY 1986.

In our judgment, the view expressed by representatives of the Office of Management & Budget and the Department of Transportation to the effect that the United States is not responsible for Amtrak's debts, for the reason that Amtrak is declared not to be a federal "agency" under 45 U.S.C. § 541, does not begin to address the difficult issues that would be raised by Amtrak's bankruptcy. We note that creditors against Amtrak's estate would include many obviously deserving parties, and a court asked to identify some source from which these claims could be satisfied might well be expected to strain in order to find a legal theory that would provide some source of payment.

With respect to the amount of the federal government's liability, our best judgment is that Amtrak's estate would be worth on the order of \$500 million, while claims against Amtrak's estate, excluding the Federal Railroad Administration's claim of \$3.1 billion, would be in the range of \$2.5 billion. Accordingly, some \$2 billion in claims would presumably be filed against the United States.

SENATOR ANDREWS: What relationship is there between the severance costs that could be incurred for laid off employees and the deficits that are now being incurred on individual routes? In other words, eliminating which routes would cause the largest severance costs and how would these costs relate to the current deficit for these routes?

ANSWER: The following schedule reflects a sample of the routes that would cause the largest severance cost and compares these costs to the projected FY 1986 annual deficit.

FY 1986
(\$ Millions)

	Amtrak's 1st Year Labor Protection Liability	Annual Long-Term Avoidable Deficit	Subsidy Impact
New York-Florida	28	37	-9
Chicago-Seattle /Portland	25	25	-
Chicago-Los Angeles	15	23	-8
New York-New Orleans	13	16	-3
	<u>81</u>	<u>101</u>	<u>-20</u>

As shown above, a deficit reduction of \$101 million only reduces the federal subsidy by \$20 million. Also shown on this schedule is the labor protection liability that would be incurred by the operating railroads which has no impact on the federal subsidy. As additional routes are added to the list, labor protection liability of overhead and support personnel would be triggered as the size of the system reduction increases.

MARKET VALUE

SENATOR ANDREWS: What is the fair market value of Amtrak's assets?

ANSWER: Amtrak assets currently have a depreciated book value of approximately \$3 billion. We estimate the fair market value of these unique passenger railroad assets to be only 10¢ to 15¢ or so on the dollar or approximately \$300 to 500 million.

SENATOR ANDREWS: Has a plan been developed for liquidating the assets that would no longer be needed if service is curtailed? How much would it cost to liquidate those assets and how much could be obtained for them?

ANSWER: We have not developed a plan for liquidating the assets should services be curtailed. We do not have an estimate of the liquidation cost. We estimate that approximately \$300 to 500 million in gross proceeds could be realized from the disposal of these assets over a period of 3 to 5 years.

SENATOR ANDREWS: With the abrupt elimination of all federal subsidies, what would be done with the equipment and facilities that the federal government has funded in the past?

ANSWER: If all federal support for Amtrak were ended and Amtrak were placed in bankruptcy, its equipment and facilities that have been funded in the past by the federal government would be part of its estate and would be subject to transfer or other disposal upon the direction of the trustee, and with the approval of the

bankruptcy court. The trustee's obligation would be to maximize the value of the estate so as to satisfy outstanding claims, and accordingly he would have only a limited ability to take issues of transportation policy into account in determining how to dispose of Amtrak's assets.

CONTINUE PRESENT SYSTEM

SENATOR ANDREWS: If Amtrak were to continue operating at its present level of service, how much in federal subsidies do you believe Amtrak would need for fiscal years 1986 through 1991, by year.

ANSWER: It is our objective to hold Amtrak's operating subsidy requirement to approximately the present level of about \$640 million a year for the 5 year period FY 1986 through FY 1991, subject of course to continuation of only moderate inflation. This would require Amtrak to cover inflation through a combined program of revenue growth and improved operating efficiency.

AMTRAK EFFICIENCIES

SENATOR ANDREWS: Are there any actions that Amtrak can take that could result in significant reductions in the need for federal subsidies? If so, what are the actions that can be taken?

ANSWER: Since FY 1978, Amtrak has achieved a 44 percent reduction in its federal appropriation, expressed in constant FY 1985 dollars. This reduction has resulted from our continued program of operating improvements. These improvements have included elimination of steam heated equipment, consolidation of equipment maintenance facilities, development of a fare policy that maximizes revenues, negotiation of innovative labor agreements for train and engine crews on the Northeast Corridor, and scores of other programs.

No single program is expected to make a vast improvement in our performance, but the cumulative effect of many ongoing activities should continue to produce the kind of financial improvement we have experienced over the last several years. Among our currently ongoing programs are further service quality improvements that will increase our revenues, the Joint Labor/Management Productivity Council which is expected to contribute dozens of productivity and morale building ideas at the grass roots level and gradual takeover of train and engine crews outside the Northeast Corridor, with improved Amtrak work rules.

I believe that a continuation of the actions we have had and continue to have underway will progressively achieve the results that Congress desires.

SENATOR ANDREWS: Are there any changes in existing law that Amtrak would like to have made that would significantly reduce its costs of operation? If so, describe.

ANSWER: We have requested several changes in our legislative program, such as having more flexibility to make adjustments to 403(d) "sunset commuter" services, lifting the 30 mile limit on transfer of employees and eliminating applicability of full crew laws. In addition, I would suggest that Congress clarify the Rail Passenger Service Act to eliminate any question that frequency changes do not trigger labor protection costs. It is Amtrak's position that we currently have the authority to make frequency changes without incurring labor protection costs but there has been disagreement on this. Such clarification would insure avoidance of labor protection costs in the event frequency adjustments are required.

I would also like to comment on the suggestions made by Mr. Riley regarding ways to achieve cost reductions. It was suggested that a more equitable distribution of operating costs within the Northeast Corridor would reduce Amtrak's grant by \$71 million. This is based on the assumption that fully allocated costs would be paid by every user. The ICC has refused to allocate costs on that basis. The Commission basically ruled that Amtrak is the dominant user and is responsible for all the overhead costs. A distribution of these costs along the lines we initially suggested to the ICC would require an Act of Congress.

He also suggested imposing Auto Train type agreements nationwide. The kind of labor arrangements we have made on Auto Train are uniquely suited to that specialized operation. It is our objective to implement the type of agreements that we were able to negotiate on the NEC wherever possible in the Amtrak system. This should be done by discussions with both the operating railroads and the Labor Unions, and this inevitably takes a lot of time. We were planning to make progress this year and try to take over train and engine employees operating on Conrail outside the Corridor. We had to postpone that proposal because we cannot successfully persuade people to come to work for Amtrak when our very existence is threatened. In addition, I do not think that the \$60 million savings suggested by FRA is realistic. We expect to be able to achieve a savings in these areas over the years, but we cannot possibly do it in one fell swoop.

With respect to a wage freeze, Amtrak is currently involved in negotiations with all unions, as are all freight railroads in the United States. Amtrak is in national handling with many of the unions in negotiating wages and health and welfare benefits. It is important to note that since 1981, Amtrak has maintained a 12 percent wage differential between its employees' wage rates and the industry standard. If a wage freeze on Amtrak employees were mandated by Congress it would increase the already significant differential between Amtrak employees and employees in the freight railroad industry with unknown effects on our ability to maintain service. I would also question whether Amtrak would actually achieve the level of savings suggested by FRA in testimony before

this Committee, since I do not know the source of such figures, and in any event would need to know what the industry wage settlements are to be before any freeze savings could be calculated.

SPECIAL PROJECTS

SENATOR ANDREWS: Briefly describe the status of the following projects for which Amtrak has set-aside funding. (Include funds spent to date, and expected obligations and outlays for fiscal year 1985 and 1986.)

- Washington, D.C., Union Station
- Atlantic City/Philadelphia Service
- New York City's West Side Connection

ANSWER: The Washington Union Station project is proceeding on schedule. The Union Station Redevelopment Corporation (USRC) has retained Harry Weese & Associates as project architect and is currently negotiating an agreement with Union Station Venture, Ltd. to develop the property. The so-called short term repairs needed to prevent further deterioration of the building have been completed and work by the District of Columbia to complete the garage behind the station has begun. Interior station designs have been developed in cooperation with Amtrak and are currently being reviewed by the various architectural review boards in the City. To date, approximately \$3.6 million have been spent on this project. Anticipated outlays for FY 1985 amount to \$4.2 million. During FY 1986, when construction activities begin, we anticipate outlays of \$20-25 million.

The project to institute service between Atlantic City and Philadelphia was the result of federal legislation passed in 1983 which earmarked \$30 million for rehabilitation of the rail line. Subsequent legislation capped the federal share at 60 percent of the project construction cost. New Jersey sought an arrangement with Resorts International whereby Resorts would provide the Atlantic City rail terminal and purchase certain Atlantic City properties to provide New Jersey's share of the project costs. For several months these negotiations appeared promising, but ultimately no agreement was reached with Resorts.

Subsequently, an agreement was reached between New Jersey Transit and Atlantic County Improvement Authority to provide matching funds for the project, including an Atlantic City rail terminal, as part of a convention center complex. The New Jersey Transit and Atlantic County Improvement Authority boards ratified this agreement on January 29, 1985.

Concurrently, the Administration sent a deferral notice to Congress requesting that the \$30 million in federal funding for the Atlantic City project be reprogrammed to cover increased pay costs for FAA and Coast Guard personnel. Unless this deferral is rejected by Congress, no federal funding will be available for this project. No portion of the \$30 million in federal funds has been spent or committed, since the necessary

environmental impact analysis has not yet been completed and the Secretary of Transportation has not yet certified that New Jersey has met the local match requirement.

New Jersey has provided Amtrak and the Federal Railroad Administration a copy of its agreement with Atlantic County Improvement Authority and a new service plan that provides for substantially expanded commuter and freight service along the Philadelphia-Atlantic City line. Amtrak has translated this data into both a proposed operating and facilities plan for the line.

Because of the nearly two years that have elapsed since Congress first authorized this project and the greatly expanded scope of the project as requested by New Jersey, construction cost estimates have nearly doubled. Amtrak and New Jersey have essentially reconciled the construction cost components needed for both the inter-city portion of the project and the expanded commuter and freight portion. However, because of the budgetary constraints that Amtrak faces, Amtrak continues to be enthusiastic about the project, but cannot participate in construction costs beyond the \$30 million that was originally appropriated for the project and that, hopefully, will continue to be made available for it. No expenditures are contemplated for FY 1985 and none can be made or obligated until the \$30 million becomes available.

Amtrak has recently signed a financing agreement with the state of New York to jointly undertake the construction and rehabilitation of a rail line between the Empire Corridor at Spuyten Duyvil, New York and the main line of the Northeast Corridor at Pennsylvania Station in New York City. The cost of the project, estimated at \$50 million by NYSDOT will be split 60/40 between Amtrak and the State of New York, excluding the cost of acquiring the necessary rail right-of-way from Conrail. In the event that the project's construction rehabilitation and design costs exceed \$50 million, both parties agree to share additional costs on a 60% Amtrak and 40% non-federal basis.

Upon completion of the purchase of Conrail tracks (not to exceed \$4.1 million) for which funds have been separately appropriated and the acquisition of the necessary authorization from the City of New York to construct the tunnel beneath 10th Avenue, Amtrak will be in a position to obligate the full \$30 million set-aside for the construction of the West Side Connection project.

As of the present time, approximately \$388,000 has been spent from Amtrak funds. In addition, approximately \$6 million in public funds has been expended to complete a required box tunnel under the Long Island Yard. We do not as yet have the necessary franchise agreement from the City of New York to allow construction of a further tunnel under Tenth Avenue. We are working closely with the City and expect to reach agreement on this in the reasonably near future. Once this is done, we plan to move promptly to purchase the necessary trackage from Conrail at a cost of not to exceed \$4 million. At some point within the next few months, we expect to be in a

position to issue a request for bids for the construction of the tunnel under Tenth Avenue and also for engineering for the balance of the route between 33rd Street and Spuyten Duyvil, but we do not expect to be able to make an award on these bids until FY 1986. Construction expenditures for the project will be required in FY 1986 and FY 1987.

403(b) and 403(d) TRAINS

SENATOR ANDREWS: In the Amtrak budget request what are the costs associated with running the 403(b) and 403(d) trains? (Please list separately.) What revenues does Amtrak generate by running these trains? What is the amount that Amtrak receives to run each of these services from other passenger generated or ticket revenues? That is, what do state or local authorities contribute to Amtrak to run these trains (by service)?

ANSWER:

ESTIMATED FY86 403(B) & 403(D) REVENUES, STATE CONTRIBUTION,
AND LONG-TERM AVOIDABLE COST AND LOSS

	ROUTE REVENUE	STATE (4) CONTRIBUTION	LONG-TERM AVOIDABLE COST	LONG-TERM AVOIDABLE LOSS (5)
403(B) (1)				
LOS ANGELES-SAN DIEGO	5,511	1,749	7,977	(717)
OAKLAND-BAKERSFIELD	6,018	2,825	9,738	(895)
CHICAGO-PORT HURON	3,386	976	4,836	(474)
MIAMI-TAMPA	1,632	1,181	3,839	(1,026)
CHICAGO-ST. LOUIS (2)	2,652	315	4,135	(1,168)
CHICAGO-CHAMPAIGN	987	664	1,975	(324)
CHICAGO-QUINCY	2,167	1,002	3,868	(699)
MINNEAPOLIS-DULUTH	1,147	676	2,009	(186)
KANSAS CITY-CEN-(NEW ORLEANS) (3)	5,243	3,046	11,200	(2,911)
ALBANY-MONTREAL	2,628	810	3,626	(188)
SYRACUSE-NIAGARA FALLS	1,133	434	2,984	(1,417)
PHILADELPHIA-HARRISBURG	590	207	1,250	(453)
PHILA-PITTSBURGH-(NYC)	2,858	914	4,070	(298)
CHICAGO-GRAND RAPIDS	1,963	247	2,678	(468)
CHARLOTTE-RICH-(NYC)	4,866	603	6,603	(1,134)
TOTAL 403(B)	42,781	15,649	70,788	(12,358)
403(D)				
NEW YORK-PHILADELPHIA	8,015	-	9,906	(1,891)
PHILADELPHIA-HARRISBURG	1,171	-	3,037	(1,866)
NEW YORK-HARRISBURG	2,337	-	3,296	(959)
WASHINGTON-MARTINSBURG	569	-	1,238	(669)
CHICAGO-VALPARAISO	579	-	1,274	(695)
TOTAL 403(D)	12,671	-	18,751	(6,080)

- Notes: 1) Philadelphia-Harrisburg (train 615 only) is both a 403(b) and 403(d) service, however it is only included in the 403(b) portion of this display.
- 2) Shown is the impact of Chicago-St. Louis service although it is subsidized by the State of Illinois only between Chicago and Springfield.
- 3) Shown is the impact of Kansas City-Centralia-New Orleans service although it is subsidized by the State of Missouri only between Kansas City and St. Louis.
- 4) Based on 45% of short term avoidable loss in the first year, 65% of short term avoidable loss in the second and subsequent years and 50% of associated capital costs.
- 5) Equals route revenue and state contribution minus long-term avoidable cost.

ORPHAN BRIDGES

SENATOR ANDREWS: Amtrak has offered to pay for 10 percent of the costs associated with repair, replacement or removal of "Orphan Bridges". This amounts to one-half of the state's share for matching federal highway funds for bridge safety construction. What happens to orphan bridges and this offer if Amtrak is not funded, or funding is severely cut?

ANSWER: The total estimated cost for the replacement or repair of "Orphan Bridges" is \$110,260,800. The federal government will fund 80%, and the states will fund 20% of this work. Amtrak has offered to fund up to 50% of the states' portion. Amtrak's offer could amount to \$11,026,080. The result of a severe reduction of funding or no funding at all is that either the states will have to fund the entire \$11,026,080, which will not be available from Amtrak, or these funds will have to come from the remaining users, the commuter agencies and freight railroads.

SENATOR ANDREWS: Is Amtrak now contributing to states for bridge work? Which states and how much?

ANSWER: Since 1976 Amtrak has spent the following amounts in the Northeast to help fund the cost to repair or rehabilitate highway bridges, either voluntarily or pursuant to orders by state regulatory commissions.

Connecticut	\$ 37,175
Rhode Island	\$ 81,096
New York	\$ 31,800
New Jersey	\$ 94,650
Pennsylvania	\$834,929
Maryland	\$ 1,000

SENATOR ANDREWS: What is the total amount of "Orphan Bridges"? Please list by state and include the estimated cost for necessary bridge work.

ANSWER: The following is a summary of "Orphan Bridges" by state and the cost to repair and replace bridges in each state.

SUMMARY

ESTIMATED COSTS FOR REPLACEMENT OR REPAIRS TO OH BRIDGES

<u>State</u>	<u>Bridge Replacement</u>	<u>Bridge Repairs</u>	<u>Total</u>
Maryland	\$ 1,663,000	\$ 702,000	\$ 2,365,000
Pennsylvania			
Main Line	15,532,000	615,000	16,147,000
Harrisburg Line	19,126,400	1,232,000	20,358,400
New Jersey	6,850,000	7,821,000	14,671,000
New York	25,670,400		25,670,400
Connecticut			
Main Line	7,244,600	4,788,200	12,032,800
Springfield Line	2,310,000	3,994,350	6,304,350
Rhode Island	<u>11,323,000</u>	<u>1,388,850</u>	<u>12,711,850</u>
TOTAL	\$89,719,400	\$20,541,400	\$110,260,800

OH BRIDGES - MARYLAND

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Ppty</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
1	97.45 (SA)	Vincent Street, Baltimore	1873	27
2	97.56 (SA)	Fulton Avenue, Baltimore	1873	27
3	95.77	Charles Street, Baltimore	1915	221
4	97.49	Mount Street, Baltimore	1915	79
5	99.81	Frederick Road, Baltimore	1932	96
6	120.48	Chestnut Avenue, Bowie	1943	149
7	134.83	New York Ave., Wash., DC	1943	20

Estimated Cost - Replacement

Bridge Replacement - Items 3, 4 & 5 - \$1,663,000

Estimated Cost - Repairs

Bridge Repairs - Items 1, 2, 6 & 7 - \$ 702,000

TOTAL \$2,365,000

OH BRIDGES - PENNSYLVANIA

(MAIN LINE)

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Prtv</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
* 1	7.75	Primos Avenue, Folcroft	1891	121
* 2	7.58	Folcroft Avenue, Folcroft	1891	63
* 3	6.85	Calcon Hook Avenue, Curtis Park	1896	128
4	14.28	Lloyd Street, Chester	1899	123
* 5	9.11	Amosland Road, Norwood	1901	97
6	7.16	Sharon Avenue, Sharon Hill	1901	96
* 7	6.09	4th Street, Darby	1901	103
* 8	8.03	Ashland Avenue, Folcroft	1904	124
9	17.71	Blue Ball Road, Marcus Hook	1904	143
10	5.31	71st Street, Philadelphia	1915	115
11	86.11	Ridge Avenue, Philadelphia	1917	113
12	64.34	Edgely Road, Edgely	1919	168
13	17.11	Market Street, Marcus Hook	1927	654
*14	63.10	Fallsington Road, Tullytown	1929	390
15	88.13	Market Street, Philadelphia	1930	250
16	88.12	Stanon Plaza, Philadelphia	1930	210
17	88.00	30th Street, Philadelphia	1930	300
18	86.93	34th Street, Philadelphia	1930	250
19	88.25	Chestnut Street, Philadelphia	1931	250
20	10.12	Sellers Avenue, Ridley Park	1951	69
21	10.52	Swarthmore Avenue	1971	126

Estimated Cost - Replacement

Bridge replacement - Items 1 through 19 - \$15,532,000

Estimated Cost - Repairs

Bridge Repairs - Items 20 & 21 - \$ 615,000

TOTAL \$16,147,000

*Bridges included in PA Senate Bill 861 (Formerly House Bill 2716)

OH BRIDGES - NEW JERSEY

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Prtv</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
1	40.70	Ridge Road, Monmouth Junction	1907	122
2	56.38	Monmouth Street, Trenton	1907	122
3	56.49	Chestnut Street, Trenton	1912	120
4	15.60	Park Avenue, Linden	1913	183
5	45.41	Plainsboro Road, Plainsboro	1916	74
6	54.83	Whitehead Road, Trenton	1917	268
7	55.75	Olden Avenue, Trenton	1924	107
8	39.97	Major Road, Monmouth Junction	1925	216
9	34.99	State Route #1, New Brunswick	1928	107
10	57.21	Center Street, Trenton	1930	76
11	26.66	Bridge Street, Matuchen	1933	136
12	13.10	Hand Place, Elizabeth	1936	86
13	21.43	Colonia Boulevard, Colonia	1937	634
14	47.45	Alexandra Road, Princeton Jct.	1941	146
15	57.16	Broad Street, Trenton	1942	67
16	56.47	East State Street, Trenton	1942	109
17	33.94	Howe Lane, New Brunswick	1948	125
18	44.47	Schacks Road, Plainsboro	1949	380
19	41.20	East New Road, Monmouth Junction	1953	351
20	35.48	Adams Lane, Adams	1955	220
21	51.79	Youngs Road, Lawrence	1963	185
22	50.62	Quaker Bridge Road, Lawrence	1967	180

Estimated Cost Replacement

Bridge Replacement - Items 1 through 11 - \$6,850,000

Estimated Cost - Repairs

Bridge Repairs - Items 12 through 22 - \$7,821,000

TOTAL \$14,671,000

OH BRIDGES - NEW YORK

(MAIN LINE)

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Prtty</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
1	0.25	9th Avenue Viaduct, NY	1909	376
2	0.08	7th Avenue Viaduct, NY	1909	525
3	2.55	Hunters Point Avenue, NY	1910	561
4	3.31	Queens Boulevard, NY	1910	1032
5	3.55	Honeywell Street, NY	1910	1570
6	3.82	Harold Avenue, NY	1910	745
7	A3.82	South Half, NY	1910	556
8	3.11	Thomson Avenue, NY	1910	747

Estimated Cost Replacement

Bridge Replacement Items 1 through 8 - \$25,670,400

OH BRIDGES - CONNECTICUT

(MAIN LINE)

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Prtty</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
1	138.63	Stony Hollow Road, Stonington	1865	38
2	79.29	Hosley Avenue, New Haven	1887	30
3	74.18	Blachley Avenue, New Haven	1887	301
4	100.54	Old Climron Road, Clinton	1890	36
5	73.53	Wallace Street, New Haven	1906	67
6	73.60	East Street, New Haven	1906	75
7	72.94	Grand Avenue, New Haven	1907	93
8	125.63	Buddington Road, Groton	1914	64
9	134.54	Lords Point Road, Stonington	1915	123
10	102.85	Bushnells Road, Westbrook	1916	64
11	103.62	Schoolhouse Road, Westbrook	1916	128
12	104.15	Ingram Hill Road, Westbrook	1916	127
13	82.85	Great Plains Road, Pine Orchard	1917	65

OH BRIDGES - CONNECTICUT

(MAIN LINE)

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

Page 2 of 2

<u>Prty</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
14	133.06	Ocean Drive, Mystic	1926	142
15	74.38	Jerry Street, New Haven	1926	114
16	84.29	Pleasant Point Road, Stony Creek	1930	32
17	86.54	Moosehill Road, Leetes Island	1930	32
18	88.03	Mulberry Road, Guilford	1930	91
19	130.31	Mozier Avenue, Noank	1930	103
20	117.31	Millstone Point Road, Millstone	1935	32
21	97.49	Liberty Street - Clinton	1935	31
22	124.97	Bridge Street, Groton	1936	184
23	88.95	Whitfield Road, Guilford	1940	65
24	91.82	Hulls Crossing, East River	1940	34
25	136.04	Viaduct, Stonington	1940	620
26	108.51	J. Cakehill Road, Lyme	1940	33
27	93.08	Durham Track, Madison	1941	32
28	124.69	State Route 84, Groton	1942	142
29	137.81	Palmers Neck, Stonington	1944	35
30	99.16	Grove Orchard, Grove Beach	1962	31
31	78.26	High Street, East Haven	1962	32
32	101.36	Essex Road, Westbrook	1962	33
33	81.25	Kirkham Street, Branford	1963	43
34	80.95	Harbor Street, Branford	1968	34
35	73.08	Olive Street, New Haven	1969	139

Estimated Cost Replacement

Bridge Replacement - Items 1 through 19	\$7,244,600
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Estimated Cost - Repairs

Bridge Repairs - Items 20 through 35	\$ 4,788,200
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TOTAL

\$12,032,800

OH BRIDGES - CONNECTICUT

(SPRINGFIELD LINE)

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Prt'y</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
1	37.03 (SA)	Main & Albany, Hartford	1871	52
2	25.34	Camel Back Road, Berlin	1891	34
3	18.99	Camp Street, Meriden	1899	67
* 4	0.34 (CA)	Fair & Union, New Haven	1907	140
* 5	0.39 (CA)	Crown Street, New Haven	1907	185
* 6	0.47 (CA)	Chapel Street, New Haven	1907	165
* 7	0.56 (CA)	Court Street, New Haven	1907	132
8	36.83	Walnut Street, Hartford	1908	120
9	20.65	Hicks Avenue, Meriden	1909	99
10	27.31	South Street, Berlin	1910	126
11	43.99	Kennedy's, Haydens	1911	104
12	7.35	Broadway, New Haven	1937	210
13	31.68	Willard Avenue, Newington	1938	185
14	21.12	Yales Bridge, Meriden	1939	74
15	28.62	Newington Avenue, Berlin	1940	78
16	17.41	Hall Avenue, Meriden	1947	61
17	11.79	Colony Street, Wallinford	1967	54

Estimated Cost - Replacement

Bridge Replacement - Items 2, 3, 8, 9, 10 & 11	\$2,310,000
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Estimated Cost - Repairs

Bridge Repairs - Items 1, 4, 5, 6, 7, 12 through 17	\$3,994,350
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TOTAL

\$6,304,350

OH BRIDGES - PENNSYLVANIA

(HARRISBURG LINE)

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Prt'y</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
1	2.88	41st Street, Philadelphia	1875	226
2	12.02	Spring Mill Road, Villanova	1875	70
3	8.18	Church Road, Ardmore	1880	77
* 4	17.58	Casset Avenue, Berwyn	1882	116
5	89.60	Mill Road, Conewa	1888	90
* 6	50.90	Bridge Street, Gap	1890	134
7	94.40	Burd Street, Roylton	1890	76
8	6.38	Bowman Avenue, Marion	1891	114
* 9	21.45	Bridge Street, Malvern	1891	89
*10	50.99	Futer Street, Gap	1891	85
*11	48.53	Bridge Street, Christiana	1893	150
*12	53.28	Hoover Road, Kinzer	1893	114
13	76.18	Holland Street, Salunga	1893	88
14	55.29	McIlvan Road, Leaman	1896	114
15	79.71	Jacob Street, Mt. Joy	1896	86
16	80.12	Market Street, Mt. Joy	1896	85
17	80.38	Lumber Street, Mt. Joy	1896	99
*18	6.77	Narberth Avenue, Narberth	1897	106
19	84.96	Foreman's Road, Rheems	1898	80
20	85.88	Route 340, Elizabeth Town	1899	97
21	14.95	Eagle Road, Wayne	1899	169
22	16.29	Valley Forge Road	1899	99
23	87.73	Newville Road, Elizabeth	1900	94
*24	43.96	State Street, Parksburg	1900	124
*25	6.51	Rockland Avenue, Narbeth	1900	117
26	83.81	Colebrook Road, Rheems	1901	117
*27	72.66	Colebrook Road, Landisville	1901	97
28	2.10	34th Street, Phila., PA	1903	220
*29	44.32	East Bridge Street, Parksburg	1904	150
30	44.40	West Bridge Street, Parksburg	1904	170

<u>Pcty</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
31	45.50	Lenover Road, Lenover	1905	235
32	90.86	Brinser Road, Conewago	1906	87
33	3.23	Girard Avenue, Philadelphia	1908	127
34	10.40	Merion Avenue, Brynmawr	1910	73
*35	50.73	Mine Road, Gap	1912	131
36	97.04	Whitehouse lane, Hispire	1918	50
37	9.81	Pennswood Road, Brynmawr	1924	72
38	4.77	59th Street, Philadelphia	1927	309
39	68.15	Route 72, Lancaster	1929	143
40	57.99	Public Road, Gordonville	1937	153
41	68.74	Dillerville Road, Lancaster	1938	105
42	17.74	Old Lancaster Pike, Berwyn	1958	67
43	60.24	Private Road, Ronk	1958	66

Estimated Cost - Replacement

Bridge Replacement - Items 1 through 41 - \$19,126,400

Estimated Cost - Repairs

Bridge Repairs - Items 42 through 45 - \$ 1,232,000

TOTAL \$20,358,400

*Bridges included in PA Senate Bill 861 (Formerly House Bill 2716)

OH BRIDGES - RHODE ISLAND (MAIN LINE)

LISTED IN ORDER OF PRIORITY FOR REPLACEMENT OR REPAIRS

<u>Prt'y</u>	<u>Bridge No</u>	<u>Crossing</u>	<u>Built</u>	<u>Length (FT)</u>
1	178.46	Pattacomsett Avenue, Hills Grove	1895	33
2	189.00	Mineral Spring, Woodlawn	1904	144
3	180.29	Park Avenue, Cranston	1906	73
4	141.67	West Street, Westerly	1913	135
5	189.24	Conant Street, Woodlawn	1913	152
6	189.81	Broad Street, Pawtucket	1914	150
7	189.84	Barton Street, Pawtucket	1914	115
8	189.93	Clay Street, Pawtucket	1914	89
9	189.99	Jenics Street, Pawtucket	1915	70
10	142.46	Oak Street, Westerly	1918	87
11	187.60	Cemetery Street, Providence	1919	746
12	186.95	Branch Avenue, Providence	1920	507
13	154.04	Beaver River Road, Kenyon	1929	35
14	190.93	Cole Street, Boston SW	1930	31
15	181.16	Roger Williams Avenue, Cranston	1930	145
16	163.50	Dry Bridge Road, Slocums	1930	86
17	166.87	Stony Lane, Wickford	1930	61
18	148.41	Burdockville Road, Woodriver	1931	42
19	141.77	High Street, Westerly	1934	96
20	183.51	Westminster Street, Providence	1943	63
21	183.66	Broadway, Providence	1943	78
22	182.99	Union Avenue, Providence	1943	85
23	182.60	Cranston Street, Providence	1947	38
24	153.54	Hoxies, Shannock	1947	81

Estimated Cost - Replacement

Bridge Replacement - Items 1 through 18 - \$11,323,000

Estimated Cost - Repairs

Bridge Repairs - Items 19 through 24 - \$1,388,850

TOTAL \$12,711,850

OPERATING VERSUS CAPITAL

SENATOR ANDREWS: If Amtrak were provided funds sufficient to operate its entire route system in fiscal year 1986, but would not be provided funds for capital improvements, what would be the impact? Would Amtrak have sufficient operating equipment to adequately operate its entire route system? What long-term impacts, if any, would postponement of Amtrak's annual capital program have?

ANSWER: Amtrak's FY 1986 most urgent capital requirements total \$79 million. It is anticipated that \$36 million of this total can be financed from internal sources leaving a capital grant requirement of \$43 million. If Amtrak received no capital grant, its capital program would be limited to \$36 million of internally generated funds.

At \$36 million Amtrak's capital program would finance little more than critical safety programs and various contractual obligations. Programs designed to replace or rebuild aging assets, improve service quality and reduce subsidy requirements by increased operating efficiency would have to be deferred.

Programs that are aimed at reducing Amtrak's subsidy requirements can, of course, be delayed indefinitely, these programs include actions that will increase the efficiency and productivity of our labor force, as well as actions that will enhance Amtrak's revenue generating potential. Deferring programs of this type would be extremely short sighted, however, since the typical investment in this area will in time produce subsidy reductions many times its original cost.

Programs aimed at replacing aged and deteriorating assets on the other hand, cannot be delayed indefinitely. The longer they are postponed, the more urgent and costly they become. Likewise, as the assets continue to deteriorate, maintenance costs would begin to accelerate. Depending on the specific program being deferred, additional problems would also surface. Deferrals of right-of-way programs, for example, would result in schedule reliability, ride quality, on-time-performance and revenues, and, eventually, safety.

If the FY 1986 Capital Program were limited to \$36 million Amtrak would still have sufficient rolling stock to operate its system for that year. However, if capital programs in subsequent years should continue at austere levels, the adequacy of Amtrak's fleet would be affected in two ways. First, as the existing rolling stock, much of which is nearing the end of its useful life, continued to deteriorate, equipment reliability, ride quality and passenger acceptance would begin to decline and, thus, revenues would begin to fall. At the same time, routine maintenance costs would begin to accelerate. Furthermore, equipment availability would begin to decline and, consequently, so would passenger carrying capacity and, therefore, revenues. Second, unless Amtrak's current passengers carrying capacity is increased by acquiring

additional rolling stock, Amtrak will not be able to take profitable advantage of the continued growth in the demand for its service.

SENATOR ANDREWS: If no capital funds are provided to Amtrak in fiscal year 1986, would Amtrak need to lay off maintenance and repair employees at installations such as the Beech Grove Maintenance and Repair Facility? If so, how many employees would be laid off and how much would it cost for the unemployment payments and/or severance pay that would be involved?

ANSWER: Because there are ongoing prior year funded projects, maintenance of equipment capital employment will not be seriously affected in FY 1986. However, if we receive no capital funding in FY 1986, there could be a 3 to 6 month production lag in FY 1987 to allow for the ordering and receipt of required materials. This would result in a temporary reduction of the entire capital funded work force about (150 employees) at the Beech Grove shop.

In the Maintenance of Way area, we would be forced to furlough approximately 200 employees along the NEC in FY 1986. In addition, the Jobs Bill funding will be depleted in the first quarter of FY 1986 resulting in the furlough of an additional 200 employees, and the failure to approve our request for additional NECIP funding would result in another furlough of some 300 employees, totaling 700 Maintenance of Way employees during FY 1986.

QUESTIONS SUBMITTED BY SENATOR KASTEN

SENATOR KASTEN: Mr. Claytor, now that the Senate Budget Committee has approved reduction of funding for Amtrak by 30% in FY 1986, 43% in FY 1987, and 54% in FY 1988, rather than immediate termination, how do you assess Amtrak's chances for survival if these cuts are in fact implemented?

ANSWER: A cut of this magnitude in Amtrak's appropriation would render Amtrak insolvent and unable to operate any service at all to the same extent as would a "zero" budget. The Senate Budget Committee's proposal to cut Amtrak 30 percent in the first year, 43 percent in the second year, and 54 percent in the third year would not, as apparently intended, permit the gradual phasing down of Amtrak's operations, but would inevitably result in its immediate insolvency because of the large labor protection liabilities that would result. In my opinion, the only responsible thing to do would be to shut down on October 1, 1985. The proposed reduced appropriation each year would provide more funds for satisfaction of labor protection liability and Amtrak's other debts, but would not permit continued operation of any service.

SENATOR KASTEN: The record shows Amtrak is gaining financial strength. At what point in the future could Amtrak ever become financially independent? Do you expect Amtrak's share of riders to increase through the end of the century? Why?

ANSWER: I expect that Amtrak will continue to gain financial strength in response to ongoing revenue growth, cost control and productivity improvements.

I do not expect, however, that Amtrak will ever be fully independent financially since no other mode of transportation in the United States is fully independent either. And no passenger railroad system anywhere in the world meets that test. We intend, nonetheless, that Amtrak will fully cover its short-term avoidable operating costs in the next several years and be dependent on the federal government primarily for the type of infrastructure and capital support that has been given to the other modes. We have already reached a short-term avoidable expense to revenue ratio of .85, with a target of .90 in FY 1985 and an ultimate goal of 1.00.

We expect Amtrak's ridership to grow significantly through the end of the century in response to market development, improved availability and utilization of our fleet, and an increase in our load factor (percent of seats occupied). The extent to which this will increase Amtrak's market share depends also on other factors, such as the cost of fuel. As a most fuel-efficient mode of passenger transportation, increased fuel costs will substantially improve Amtrak's financial position.

SENATOR KASTEN: In your opinion, how will the present budget cuts recommended for Amtrak effect Amtrak's service between Chicago and Milwaukee on a daily basis?

ANSWER: The elimination of federal funding for Amtrak or a reduction in funding for FY 1986 similar to that proposed by the Senate Budget Committee would force Amtrak to end all service including that between Chicago and Milwaukee as well as the Chicago-Milwaukee-St. Paul-Seattle Empire Builder.

QUESTIONS SUBMITTED BY SENATOR CHILES

SENATOR CHILES: As you know, the Budget Committee voted last week to cut Amtrak funding by 30, 43 and 54% in 1986, 1987 and 1988. I understand that you testified last week before the House Commerce Committee that a 30% reduction would close down the system.

Since Amtrak service in the corridor does make money and if we assume that we could find someone to operate this part of the system, could Amtrak continue to operate the rest of the system with a 30% reduction? What do you estimate the sales value of Amtrak to be?

ANSWER: Although the Corridor operation does cover its short term avoidable costs, it does not make money or even come close to breaking even, since there are essential infrastructure and overhead costs of over \$200

million per year. We do not believe that the Corridor could be operated independently on a profitable basis. Because of very large labor protection costs from discontinuing service in the corridor, Amtrak could not pay these costs in FY 1986 and continue to operate its non-corridor service without an appropriation of over \$700 million. If the assets were dispersed and sold for scrap or otherwise, we estimate that they would realize in cash approximately 10¢ to 15¢ on the dollar.

SENATOR CHILES: The Florida Department of Transportation (FDOT) and Amtrak have jointly funded since 1977 a project to provide automatic train-activated grade crossing warning devices on the Amtrak route between Jacksonville and Tampa. This project costs Amtrak and the FDOT each about \$675,000 annually on a 50/50 matching basis. The Jacksonville-Tampa route is scheduled for completion this year, and already has produced major reductions in grade crossing accidents for both freight and passenger trains. The project is considered by the Federal Railroad Administration and other states to be an excellent example of the corridor or systems approach for providing optimum grade crossing protection on a continuous rail route with heavy passenger and freight service.

It is my understanding that Amtrak is reluctant to extend on a long term basis grade crossing effort to cover the Jacksonville-Miami route because of concern about proposed budget reductions. A one year commitment by Amtrak of \$675,000 would be required to continue the program if work is continued on a year to year, crossing-by-crossing basis rather than a long term overall route project commitment. About 12 to 18 months would be required to restart the project and begin actual installation of devices if work is suspended for any reason as now appears a certainty under the Administration's budget proposal. Could you describe briefly where we stand on the rail/highway crossing program in Florida?

ANSWER: The Florida grade crossing program jointly funded by Amtrak and the Florida Department of Transportation to provide automatic train-activated grade crossing warning devices on the Amtrak route between Jacksonville and Tampa is expected to be completed in about two months. This program has resulted in the installation of new automatic protection devices at 47 crossings, improvements to existing automatic devices at 45 crossings and the closing of 13 grade crossings.

Based on the possibility that funds for Amtrak's future operations will be quite limited and our capital program will be very restricted, I have advised the Florida Department of Transportation that we cannot at this time enter into an agreement to extend the program.

SENATOR CHILES: What role do the railroads play in this program?

ANSWER: The Seaboard System Railroad provides the labor and management (funded by Amtrak and Florida DOT) for the installation of crossing protection devices and shares all future maintenance costs with the various cities, communities, etc. on a 50/50 basis.

SENATOR CHILES: What benefits do they receive from it?

ANSWER: The benefits the railroads receive from the program result from a reduction in the number of grade crossing accidents, deaths and injuries. We believe that the railroads potential for improvements in this area are similar to Amtrak's actual experience based on a comparison of Florida DOT statistics covering the Jacksonville-Sanford-Tampa line for a three-year periods from July 1975 to June 1978 (before the program) and July 1981 through June 1984 (after major portions of the programs were completed). Amtrak experienced a 52% reduction in the number of accidents (44 to 21), 85% reduction in the number of fatalities (35 to 5) and 89% in the number of injuries (19 to 2). In addition, the program has been a positive factor in Florida's consideration of subsequent joint requests by Seaboard System and Amtrak for higher freight and passenger train speeds. Recent speed increases authorized by the State will result in a 26 minute schedule reduction for Amtrak trains operating between Miami and Tampa and similar reductions to Seaboard freight trains.

SENATOR CHILES: Assuming that we can work out a reasonable compromise on the Amtrak budget would you have any reluctance to enter into a short term agreement to continue the Rail-Highway Grade Crossing Program until the budget situation is clarified or the program can be phased out?

ANSWER: I think this is an important and cost-effective program. Based on the assumption that Amtrak's budget will include the required funds, we would be pleased to join in extending this program to the Jacksonville-Wildwood- Auburndale-Miami line.

QUESTIONS SUBMITTED BY SENATOR BYRD

SENATOR BYRD: Mr. Claytor, I have long been a supporter of the National Railroad Passenger Corporation, and I believe Amtrak's improved service and financial performance over its 14-year life demonstrate a good reason for that support.

Would you identify for the record some of the equipment and service improvements which have been made since Amtrak was created?

ANSWER: Amtrak has either purchased new or completely rehabilitated the equipment used on all of its routes. This includes 582 rebuilt Heritage Fleet cars for overnight eastern services, 489 new short distance Amfleet I cars, 150 new long distance Amfleet II cars, 283 new bi-level Superliner cars for long distance service west of Chicago, 191 new F40 locomotives, 23 new P30 locomotives and 47 new AEM7 electric locomotives. With a revitalized fleet, Amtrak has been able to offer a standard of passenger comfort and schedule reliability equal to that of the best rail passenger systems in the world.

To rehabilitate and maintain its fine passenger car fleet, Amtrak purchased and now operates one of the country's most efficient railroad maintenance shops at Beech Grove, Indiana. In addition, Amtrak's Wilmington shops are responsible for electric locomotive and other Northeast Corridor equipment maintenance and repair. By having its own shops and doing its own repairs, Amtrak has been able to establish stringent quality control measures to insure the best work possible at the lowest cost.

One of the main service advantages that the establishment of Amtrak made possible was the creation of a truly national railroad passenger system. Under Amtrak, nationwide passenger schedules were coordinated for the first time, providing convenient connections between trains at such places as Chicago, Washington, New Orleans, Salt Lake City and Los Angeles. In addition, Amtrak set up a nationwide, toll-free reservation number, accredited over 12,000 independent travel agencies, and recently signed booking and ticketing agreements with Trans World and American Airlines. Access to these airline computer systems allows travel agencies using such systems to confirm Amtrak reservations and ticket passengers through the airline computer network, an increase in efficiency that saves both time and money.

In 1976 Amtrak became the owner and operator of the Northeast Corridor between Boston and Washington, with spur lines between Philadelphia and Harrisburg and New Haven and Springfield. As part of the Northeast Corridor Improvement Project over \$2 billion has been spent between Boston and Washington to provide a truly high speed passenger system between the major cities of the Northeast. All major stations from Boston South Station to Washington Union Station have either received a major rehabilitation or have it under way.

On the national system, Amtrak has built new stations in many places such as Miami, Minneapolis, Omaha, Albany, Tacoma, Richmond, Jacksonville and Cincinnati. In addition, nearly all of the approximately 500 stations served by Amtrak have been brought into line with acceptable standards for passenger handling, comfort and safety.

SENATOR BYRD: In constant dollars, how has the federal subsidy changed during the 14-year period since Amtrak was created?

ANSWER: Through fiscal year 1975, direct federal subsidies to Amtrak were supplemented by railroad entry payments and capital loan guarantees. For this reason, direct federal subsidies prior to FY 1976 are not comparable with federal funds appropriated to Amtrak in subsequent years. Since FY 1977, the first full year of operation after the Northeast Corridor was conveyed from Conrail to Amtrak, federal subsidies in constant 1971 dollars declined from \$408 million to \$254 million in 1985, a 38% reduction.

SENATOR BYRD: As you know, I have had a continuing interest in Amtrak's Cardinal passenger train which runs through West Virginia on its route between New York/-

Washington and Chicago. I was very pleased last year when Amtrak changed the schedule and began operating this train through the scenic New River Gorge during daylight hours. I believe that decision will provide handsome returns in terms of increased ridership for the train.

What has been the percent change in ridership on the Cardinal for each of the first five months of fiscal year 1985 compared with the same months in fiscal year 1984? And is it correct that the Cardinal is projected to meet the minimum passenger-mile per train-mile criteria in fiscal year 1985?

ANSWER: In the first five months of fiscal year 1985 both total ridership and passenger miles per train mile count on the Cardinal increased by the following percentages:

	<u>Ridership</u>	<u>Passenger Miles/Train Mile</u>
October	49.9	37.9
November	1.6	2.3
December	1.6	8.0
January	28.8	21.3
February	46.8	56.9

The response of the market to the new daylight schedule and a route specific fare program has been extremely gratifying. Amtrak had forecasted the Cardinal would meet the 150 PM/TM criteria in FY 1985 and based on these statistics we have every expectation that this forecast will be met.

SENATOR BYRD: Do you see potential future growth for the Cardinal?

ANSWER: We believe that the Cardinal should continue to sustain a period of growth in the foreseeable future, although not at the levels seen in recent months. As awareness of the many attractive destinations along the route increase among Amtrak marketing outlets we expect ridership to continue to grow. In addition we plan to vigorously pursue cooperative efforts with major recreational destinations in order to increase ridership in the future. Such arrangements are already in effect with the Greenbrier at White Sulphur Springs, West Virginia, and the Homestead at Hot Springs, Virginia.

I would like to note that these statistics understate the true gain to the Amtrak system. While there has been a significant increase of ridership on the route, the new schedule also allows passengers to make connections with our several western trains at Chicago. These connecting riders also benefitted the whole Amtrak system.

SENATOR BYRD: I note in your prepared statement, Mr. Claytor, that, outside the Northeast Corridor, nearly one-half of Amtrak's ridership has a family income less than \$20,000 a year while the average family income for the United States as a whole is \$28,000 per year. Also, a large percentage of your ridership on these trains is over 55 years of age. So, the Amtrak system which serves 44 states and over 500 communities truly does provide an important service to the elderly and the poor.

Could you provide for the record your analysis of the

number of communities which would not have a convenient interstate bus or airline service to carry on in the absence of Amtrak should the Administration be successful in its proposals to eliminate the National Railroad Passenger Corporation?

ANSWER: We serve in the United States a total of over 500 communities. That's more communities than all the major airlines together serve, and a lot of those communities will never be served by airlines. One hundred and sixty-one communities served by Amtrak will have no air service upon termination of the present local commuter air services subsidy. Fifty-two Amtrak-served communities have no intercity bus service. Twenty-nine Amtrak-served communities have neither air nor bus service. We are providing an essential social service around the country to those communities without air or bus service, and even where air or bus service is available, Amtrak is the only service that can operate under extreme weather conditions.

SENATOR BYRD: Also, is there any appropriation less than \$684 million which would still permit Amtrak to continue operation as a national rail passenger service? If a lower funding figure is possible, what would be foregone in terms of operations to achieve any possible savings?

ANSWER: The fact that Amtrak has requested that its funding level for FY 1986 be frozen at its FY 1985 level means that we would be already absorbing the cost of inflation, which we estimate will be approximately 5 percent for Amtrak next fiscal year. In addition to this, we have stated that we could survive and continue most of our present service with a 10 percent reduction in funding from the FY 1985 level, but we believe this would be counter-productive from a cost and service standpoint. With such a reduction, our capital budget would be virtually eliminated, and programs designed to replace or rebuild ongoing assets, to improve operating and maintenance efficiency, and to enhance service quality would have to be deferred. Deferring programs of this type is extremely short sighted, however, since the typical investment in this area produces subsidy reductions many times the capital projects original cost.

QUESTION SUBMITTED BY SENATOR WEICKER

SENATOR WEICKER: Mr. Claytor, what efforts have you made to determine whether or not there is any private sector interest in subsidizing segments of Amtrak? Do your findings support OMB's statement that "portions of Amtrak have profit potential and could be privatized"?

ANSWER: We have not approached the private sector to determine if there is any interest on the part of any corporation in taking over any part of Amtrak. We have not done so because all our studies and my own extensive personal experience in the railroad business show that no segment of the Amtrak system can be operated on a profitable basis. I would add that no private corporation or public agency has approached us on the subject of a takeover despite the extensive publicity surrounding the OMB's proposed elimination of Amtrak.

FEDERAL RAILROAD ADMINISTRATION

QUESTIONS SUBMITTED BY SENATOR ANDREWS

GENERAL OVERVIEW

SENATOR ANDREWS: Railroad Safety State Grant-in-Aid - zero; Northeast Corridor Improvement Program - zero; Section 803, Local Rail Service Assistance - zero; Section 505, Redeemable Preference Shares - zero; Section 511, Loan Guarantee - zero; and last but not least, Amtrak - zero. Mr. Administrator, if this Budget gets approved, what are you going to do next year?

ANSWER: In FY 1987, FRA expects to be very busy despite the proposed curtailment of funding for many programs in FY 1986. Safety, however, will remain in the forefront of the Federal Railroad Administration's activity with new rulemakings likely, continued emphasis on issues of rail-highway grade crossing, trespasser related fatalities, alcohol and drug abuse, crew safety, and hazard materials transport. Research and Development support in a broad range of safety-related issues, both current and prospective, would include such things as determination of safety aspects for innovative, lightweight freight cars and newly-designed truck systems prior to entering service; improvement of train handling performance of locomotive engineers; issues related to hazardous material transport and handling both in loading/unloading and accident site procedures; improved inspection devices and techniques; and demonstration of safety performance standards developed in FY 1986.

In a second primary area, FRA expects significant policy-related initiatives to develop in the area of reregulation and newly proposed mergers and consolidations. With regard to reregulation, FRA anticipates continuing discussions with shippers, consumers and carriers over the next several years over amending major parts of the Staggers Rail Act of 1980 and other related acts. Railroad merger/consolidations that are likely to surface by 1987 include the Missouri-Kansas-Texas, the Illinois Central Gulf, the Chicago & North Western, and perhaps even a transcontinental proposal involving two major Class I carriers. Although a Conrail purchaser has been selected by the Secretary and legislation submitted to Congress, enabling legislation may take a year to be enacted. Subsequently, FRA is responsible for ensuring that the mandates of the legislation and the covenants of the sale agreement are met.

The Amtrak issue will remain very active in FY 1987. The specific type of activity will depend on Congressional action in FY 1986. Under the Administration's proposal, if no additional subsidies are given to Amtrak and other interested parties come forward to operate the service, significant technical

support will be required to assist the states and localities in various aspects of funding and maintenance of both commuter and intercity passenger service in FY 1986 and FY 1987. Under the more drastic implications claimed by Amtrak that they would shut down service on October 1, 1985, FRA would become very closely involved in a vast range of issues including payments for labor protection, asset sale, creditor interest, and disposition of commuter service.

In the Federal assistance programs, including NECIP, though no new funding is being sought, close out, oversight, audit, administration, and inspection activities remain outstanding functions. While the Northeast Corridor Improvement Program is scheduled to be transferred to Amtrak October 1, 1985, FRA will still have over \$220 million to manage in FY 1986 and later years including agreements with local authorities, FRA contract close outs, a grant agreement with Amtrak and continuing legal responsibilities to ensure NEC physical plant remains at the standard transferred to Amtrak. In the Title V area alone, \$14.2 million is scheduled to be expended and another \$18.7 million committed primarily for rehabilitation projects to be completed over the next two to three years. Currently, 35 Title V agreements involving \$700 million in loans are in place requiring continuous administration. These agreements require oversight of facilities operated and maintained at specified levels of physical condition, loan payment collections, covenants maintained to ensure repayability, and consent to waivers granted where appropriate. In the Section 803 LRSA program, states have until March 31, 1986 to obligate entitlement funds; those not obligated will then be available for discretionary allocation. To date we have granted 520 LRSA grants, totalling in excess of \$445 million, including 480 which have yet to be closed out. While there are no repayment requirements associated with these grants, the Federal Government retains an interest in materials acquired with Federal funds which are no longer used for approved rail freight purposes.

The oversight and construction of Washington Union Station will continue in FY 1987. Construction is scheduled for completion in mid-1987 if no disruptive actions stop work.

SENATOR ANDREWS: As a rail advocate, Mr. Riley, do you believe that these cuts are in the best interest of rail passenger service, service on local branch lines and safety inspection?

ANSWER: Solving the budget deficit mandates that difficult choices be made from a comprehensive transportation perspective.

With respect to passenger service, it will be necessary for other groups that benefit from the existence of Amtrak (i.e., states, commuter agencies and freight railroads) to assess their interest in the continuation of the service Amtrak now provides and their willingness to support these services financially.

Service on light density branch lines is primarily a state and local problem. Most states with significant branchline issues have already established their own independently funded programs.

In addition, many branchline problems are being solved without public assistance through the formation of shortline railroads. Increasingly, large railroads are actively marketing the transfer of marginal rail lines to shortline carriers.

The short lines, which generally have lower labor costs, provide service to the shippers and feed traffic and revenues to the trunkline carriers. Because of the positive public impact and the sharing of traffic and revenue, the large railroads have a vested interest in the success of these shortline carriers and are increasingly working closely with them.

Safety inspection is not going to suffer. FRA's authorized inspection force is fully qualified to meet any challenge. Also, we fully expect a majority of the states will continue to participate in the Grants-in-Aid for Safety program complementing the Federal force. Program coordination, cooperation and training for state personnel would continue between FRA and participating states. FRA has done a safety study on the Northeast Corridor and has found a few problems which need to be addressed, but for the most part, Amtrak has a high regard for safe and efficient operations along the Northeast Corridor.

SENATOR ANDREWS: Last year in front of this Committee you stated that one of the Federal Railroad Administration's (FRA's) major areas of emphasis is rail restructuring--not just at the "Macro level but at the regional and short line level." Haven't you, through this budget request, cut the Federal Government out of that action, i.e., walking away from an area populated by railroads and shippers that may need FRA even more than those involved in say a Conrail sale?

ANSWER: Although Federal financial assistance has played a role in rail restructuring at the regional and short line level, the key element in the successful preservation of rail service has been the commitment of communities and shippers to work to preserve that service. FRA has created its Community and Shipper Assistance "Strike Force" to provide basic technical assistance to communities and shippers threatened by rail restructuring to help them understand the issues and options involved in meeting their transportation needs. As Federal financial assistance is phased out, I see a growing role for the assistance provided by the "Strike Force," and expect that FRA will remain in the thick of the action.

SENATOR ANDREWS: You further propound in your statement that ICC's proposed standards for maximum rates are practical and realistic. Yet the same Court of Appeals said that the Commission had largely ignored the protections Congress meant to guarantee to shippers. It is our understanding that the nationwide coal rate guidelines in Ex Parte No. 347 are still being prepared. On what do you base your statement?

ANSWER: It is correct that the ICC is still preparing final coal rate guidelines. We have carefully assessed the proposed guidelines upon which the final guidelines will be based, and found them economically and legally justified. Because the guidelines have not been officially adopted, the appeals court has not yet accepted a suit against the ICC over the specific provisions. The court

decision cited involved the export coal exemption, granted under a different section of the law, and subject to different statutory criteria.

MILWAUKEE ROAD

SENATOR ANDREWS: Has FRA negotiated with the Soo Line regarding the Soo's assumption of the Milwaukee Road debt?

ANSWER: FRA has on numerous occasions sought negotiations with representatives of the Soo regarding the Soo's assumption of the Milwaukee Road debt. Negotiations occurred most recently just prior to oral argument before the reorganization court on February 7 on the sale of the Milwaukee to the Soo or C&NW.

SENATOR ANDREWS: What is the status of those negotiations? What remains to be resolved in those negotiations?

ANSWER: Those negotiations appear to have ended. Since the consummation of the Milwaukee sale to the Soo on February 19, 1985, we understand that the Soo has directed its attention to other areas of the Milwaukee, which it deems to have higher priority. The negotiations which had occurred prior to the sale never reached definitive positions. Consequently, everything remains to be resolved.

SENATOR ANDREWS: When will they be completed?

ANSWER: Negotiations can be resumed whenever the Soo chooses to reinstate them. We are hopeful that once the Soo has addressed the immediate needs of the acquisition, it will seek the resumption of negotiations.

SENATOR ANDREWS: Is FRA negotiating for something more than a simple rollover of the Milwaukee road debt to the Soo? If so, why?

ANSWER: FRA is negotiating for more than a simple rollover of the Milwaukee Road debt to the Soo. When FRA originally negotiated with the Trustee for most of the debt, it gave the Trustee the best terms available to a railroad beset by the problems and financial condition of the Milwaukee. These terms would not have been available to a healthier railroad like the Soo under the 4R Act. In order to assure conformity to the statute upon sale to a healthier railroad like the Soo, the Secretary negotiated with the Trustee a right of prior consent to an assignment of the debt. This would permit the Secretary to renegotiate the terms to make them consistent with the health of the railroad purchaser. In the recent Ortonville financing, which was done when the Soo was known as a prospective purchaser, the Secretary negotiated with the Trustee terms (which the Soo accepted) which provided for new interest rates and maturities if the Soo acquired the Milwaukee property. For example, the interest rate to the Trustee of 2.03% was agreed to be 9.1% for the Soo, and the maturity of 30 years was agreed to be 20 years for the Soo. A rollover of the other section 505 obligations would have to be consistent with this agreement. Although the Soo accepted the Ortonville terms, to date it has rejected similar terms on the other section 505 trustee certificates.

UNION STATION

Line to Line

SENATOR ANDREWS: What is the status of the Washington, D.C. Union Station project?

ANSWER: The Union Station redevelopment project is making excellent progress. During the last year, national competitions were conducted for an architectural firm to design the rehabilitation of the station, a construction management firm to oversee the construction work, and a developer to do the retail and office portions of the redevelopment. Competition was intense in each case. We selected the firm of Harry Weese & Associates as the rehabilitation architect and a joint venture of the Gilbane Building Company and the Sherman R. Smoot Co. as the construction manager. Both groups are under contract and working. We also selected Union Station Venture, a joint venture of Equity Associates, Williams, Jackson, Cavanaugh, and Ben Thompson & Associates, as the preferred developer. We are still negotiating a development agreement with Union Station Venture.

We are also completing the environmental and historic preservation review processes. We have done an environmental assessment of the redevelopment project, on the basis of which we have decided that a Finding of No Significant Impact (FONSI) is appropriate. The FONSI for Union Station is being prepared and will be finished soon. The D.C. Historic Preservation Officer, the D.C. Historic Preservation Review Board, the National Capital Planning Commission, the Advisory Council on Historic Preservation, and the Department of the Interior are all reviewing the plans as part of these processes.

We have complete repairs to the station that were necessary to prevent the building from deteriorating further and we have cleaned up the debris inside it. The National Park Service's contractor will soon finish repairing the roof. The Park Service's architect, WVKR, will also soon complete design of the repairs to the storm water drainage system from the roof down through the building and turn the design over to us for construction. The D.C. Department of Public Works has the parking garage and a structure connecting the garage and the station concourse under construction. After a slow start, their contractor is now making good progress.

Overall, the project is proceeding as planned and it is within budget.

SENATOR ANDREWS: How much is Amtrak contributing to the renovation of that station? How much has been spent to date? When does Amtrak or FRA expect the remaining \$65 million of earmarked funds to be spent?

ANSWER: Amtrak has committed up to \$70 million to the redevelopment of Union Station, including operating the Union Station Redevelopment Corporation (USRC). Of that amount, USRC has spent \$3.65 million from its inception through February 28, 1985. By the end of FY 1985, we expect to spend a total of \$6 million. Because we are still working on the design and construction schedule on which expenditures will depend, our estimates of the expenditure schedule through completion of the project are still rough. Our current estimate is that we will

spend a total of \$20-25 million in FY 1986, when we expect to award the major construction contract which will probably be in the range of \$45 to \$50 million. Most of the rest of the money will be spent in FY 1987. A small amount, mostly for operation of USHC until the rent payments from the developer cover that cost, will be spent in FY 1988.

SENATOR ANDREWS: If Amtrak were privatized according to the Administration's plan, what would happen to Union Station?

ANSWER: Union Station would be developed as planned.

SENATOR ANDREWS: Does FRA recommend going ahead with the scheduled improvements if there is no Amtrak?

ANSWER: I feel the need to preface my response with my belief that there will continue to be rail passenger service but, hypothetically, if Amtrak ceased to exist, we would still want to redevelop Union Station.

SENATOR ANDREWS: How much of the roof repair money, parking facilities money, and station improvement funds are going to be spent in FY 1985?

ANSWER: We estimate that \$1,140,000 of the roof repair money will be spent in FY 1985 for completion of the roof repairs, and design and construction of the storm water drainage system. That system is the key remaining element needed to produce a dry building. We expect \$11 million of the parking garage funds to be spent this year. We project that USHC will spend \$3.33 million of the station improvement funds in FY 1985.

SENATOR ANDREWS: Who or what would pay for Union Station repairs beyond FY 1985?

ANSWER: We do not plan to change our sources of funds.

SENATOR ANDREWS: What amount of funding is still necessary to complete all necessary and planned repairs?

ANSWER: Including the funds needed for roof repairs, storm water drainage, and the rehabilitation of the station building, but excluding completion of the parking garage, roughly \$65 million is still necessary to complete all necessary and planned repairs. Rehabilitation of the station includes quite a bit of work that is not "repair," such as accommodations for the handicapped and utility lines in new places for the planned commercial development. We have included those amounts because the nature of the work is such that we have no effective way of separating repairs strictly from renovation. The money for completion of the parking garage is excluded because that work is not "repair" either.

SENATOR ANDREWS: Please provide the committee a brief description of how this work would continue if Amtrak were still funded by the Federal Government and if Amtrak were privatized.

ANSWER: We expect the work to continue in the same manner in either case.

SENATOR ANDREWS: How much of the \$8 million for roof repairs (from Department of Interior funds) has been spent so far?

ANSWER: Interior tells us they have spent \$5.6 million.

SENATOR ANDREWS: How much of the \$40 million for completion of the parking facility (from the District of Columbia's Federal highway funds) has been spent so far?

ANSWER: DCDPW has spent \$7.9 million of the \$40 million.

SENATOR ANDREWS: Last year in response to a question on bill language governing Union Station, FRA stated that language changing the Appropriations Committee's requirement of "prior approval" to the Administration's "advance notice" was moot. You stated that FRA lawyers had determined that the Department did not have the authority to sell Washington Union Station. Yet in language requested for FY 1986, you again ask for only the "prior notification" requirement. Why is this necessary if FRA/DOT lawyers have determined FRA cannot sell the station? Have Administration lawyers changed their determination? Does FRA have plans for Union Station other than continued renovation? Is the Union Station transfer part of the effort to privatize Antrak?

ANSWER: Our lawyers are still firmly of the opinion that FRA cannot sell Union Station as the National Visitor Center Act now reads, and we have no plans to seek a change to that statute to permit a sale. FRA's plans for Union Station are limited to the redevelopment project we are now pursuing--that is hard enough to do without undertaking anything more. Our goal is to complete that project successfully.

The "prior notification" language would be helpful, however, for that project. We do plan to lease Union Station to the developer. It is not clear whether the word "transfer" in the appropriations act refers to leases as well as sales. A change from "prior approval" to "prior notification" would eliminate any concern about that ambiguity by eliminating the requirement for a formal approval of any lease with a developer. We do plan to review our proposed deal with the developer with the staffs, and of course any members who desire it, of the Appropriations Committees of both Houses of Congress. We are concerned that, if a formal approval is required, the developer's lender will want evidence of it and providing that evidence might occasion expensive delay. We submit that both Appropriations Committees can adequately oversee this transaction through informal review. In fact, we expect to seek your review of a proposed transaction before either House votes on an appropriation bill this year.

SECTION 505 - PREFERENCE SHARES

SENATOR ANDREWS: The redeemable preference share account justification shows a FY 1985 obligation level of \$23.431 million. Isn't this really an obligation of \$16.231 for redeemable preference shares and a \$7.2 million transfer to the National Highway Traffic Safety Administration? Why was it shown that way?

ANSWER: You have described the situation correctly. However, since the transfer is a program supplemental which requires Congressional approval, it is shown in a separate schedule under Part II, page 28 of the President's Budget Appendix under FRA's "Railroad Rehabilitation and Improvement Financing Fund". Similarly, the transfer is also shown going to the National Highway Traffic Safety Administration's "Operations and Research" appropriation in Part II, page 27.

SENATOR ANDREWS: Can you tell us, of the \$16.231 million what has been obligated to date? Who received this money and in what amounts? To whom are the remaining funds going?

ANSWER: No obligations have been entered against the \$16.231 million. FRA expects to obligate this entire amount by September 30, 1985; the allocation to projects, however, is subject to further individual negotiations.

The prospective funding includes \$3.4 million for a Congressionally designated project on the Detroit and Mackinac Railway Company in Michigan. In addition, section 505 funding actively is being negotiated with the Delaware Otsego Corporation (\$4.4 million) for a project in New York and New Jersey for which the Congress has urged priority consideration, and with the Columbus and Greenville Railway Company (\$0.7 million) for a project in Mississippi. Also, requests for section 505 funding are being pursued by the Heartland Rail Corporation in Iowa (\$8.0 million), Gulf and Mississippi Railroad in Mississippi (\$8.0 million), and Bangor and Aroostook Railroad Company in Maine (\$3.4 million). Interest in section 505 funding also has been expressed by the Arkansas and Louisiana Missouri Railway Company (\$2.0 million), prospective purchasers of Rock Island Sunbelt Line (\$3.0 million), Minnesota Valley Transportation company (\$2.0 million), Hillsdale County Railroad (\$2.5 million), and Northern Missouri Railroad Company (\$1.0 million).

SENATOR ANDREWS: The Secretary of Transportation in her budget request has targeted \$7.2 million of preference shares for transfer to the National Highway Traffic Safety Administration to fund the passive restraint program. How was this figure arrived at? Is this part of the previously designated East St. Louis project money?

ANSWER: The determination to use \$7.2 million of section 505 funds for the NHTSA program was made by OMB and the Department in light of the phase-out status of the section 505 funding in relation to the overall budget requirements for supporting Department activities.

The \$7.2 million is part of the \$20.0 million in section 505 funding originally designated by Congress for the East St. Louis project, but no longer required for that purpose. The scope of the project for which the funding was intended was scaled down considerably by the Terminal Railroad Association of St. Louis Board of Directors. The Board informed FRA that the needed improvements could be completed without the \$20 million in Federal funding. Efforts to develop a proposal for funding under section 505 were discontinued by the Board.

SENATOR ANDREWS: Why did FRA believe that those funds were no longer necessary for the preference share program?

ANSWER: The transfer of the \$7.2 million to the NHTSA program was not proposed in FRA's original estimates.

SENATOR ANDREWS: How much of previously appropriated funds remain in this program as unobligated? (Before any transfer of funds?)

ANSWER: Before any transfer of funds, the balance of appropriated section 505 funds which have not yet been obligated is \$23.4 million.

SENATOR ANDREWS: What amount of the unobligated funds has been earmarked by previous Congressional action? (Please identify the amount of funds and designee.)

ANSWER: \$3.4 million was designated by the Congress for a project on the Detroit and Mackinac Railway Company in Michigan and \$20.0 million was originally earmarked by Congress for a rail freight terminal rehabilitation and modernization project in East St. Louis, but now not to be used for that purpose.

In the Conference Report accompanying the Department's FY 1984 Supplemental Appropriations, the conferees urged FRA to give priority consideration to the section 505 applications of the Monroe County Railroad Authority (Pennsylvania) and the Delaware Otsego Corporation (New York and New Jersey) to the extent that such projects could be funded from surpluses derived from existing projects for which section 505 funds have been reserved. No specific sources or amounts, however, were specified. Active negotiations for \$4.4 million in financing to be obtained from the funds previously earmarked for East St. Louis are proceeding with the Delaware Otsego. The proponents of the Monroe County proposal have not pursued their undertaking for some time.

SENATOR ANDREWS: What is the status of pending applications for the "505" money? Please briefly describe for the Committee the status of applications in this program and the negotiations to date.

ANSWER: A table summarizing the prospective section 505 funding follows:

PROSPECTIVE SECTION 505 FUNDING
FY 1985

(\$ Millions)

<u>Project</u>	<u>Amount</u>	<u>Comments</u>
<u>Applications Received -</u> <u>Funding Actively Being</u> <u>Negotiated</u>		
Detroit and Mackinac Railway Company	\$ 3.4	Congressionally designated project for rehabilitation and upgrading of track in Michigan. FRA reviewing drafts of financing agreement and related legal documents. Most key issues resolved but negotiation of terms and conditions needs to be completed.

(\$ Millions)

<u>Project</u>	<u>Amount</u>	<u>Comments</u>
Delaware Otsego Corporation	4.4	Track rehabilitation and improvement project in New York and New Jersey for which Congressional conferees have urged priority consideration. FRA working closely with DO to settle on a rehabilitation and improvement plan and firm project proposal, which may change the amount of funding to be considered.
Columbus and Greenville Railway Company - (Preliminary Application)	0.7	C&G seeking \$3.15 million of additional Title V assistance (\$2.5 million section 511 and \$0.65 million section 505, at current Federal loan rate) to apply toward purchase of ICG lines in western Mississippi. Funding approve in principle, subject to negotiation of satisfactory terms and conditions.
SUB-TOTAL	<u>\$ 8.5</u>	
<u>Funding Requests Being Pursued - Applications Expected</u>		
Heartland Rail Corporation		Rehabilitation funding for former Rock Island line between Council Bluffs, Iowa, and Bureau, Illinois, with trackage rights into Chicago--purchased by Heartland. <u>\$8 million being sought.</u>
Gulf and Mississippi Railroad		Rehabilitation funding for ICG lines in east Mississippi to be purchased by the Gulf and Mississippi, an L.B. Foster Company subsidiary. <u>\$8 million being sought.</u>

(\$ Millions)

<u>Project</u>	<u>Amount</u>	<u>Comments</u>
Bangor and Aroostook Railroad Company		Rehabilitation of connecting rail line and yard as part of Sears Island Cargo Port Project in Maine. <u>\$3.4 million being sought.</u>
SUB-TOTAL	<u>\$ 7.7</u>	(Individual amounts subject to final negotiations.)
<u>Total Estimated FY 1985 Obligations</u>	<u>\$16.2</u>	
<u>Other Interest Expressed</u>		
Arkansas and Louisiana Missouri Railway Company		Acquisition of ICG line in Louisiana (\$2 million).
Rock Island Sunbelt Line		Acquisition of segments of former Rock Island line between McAlester, Oklahoma and Perry, Arkansas (\$3 million).
Minnesota Valley Transportation Company		Rehabilitation of line between Norwood-Hanley Falls, Minnesota (\$2 million).
Hillsdale County Railroad		Rehabilitation of line in Steuben County, Indiana (\$2.5 million). Application submitted--not being actively pursued.
Northern Missouri Railroad Company		Acquisition and rehabilitation to provide an alternate route due to severing of current route caused by flood damage (\$1 million).
Total Other Potential Needs	<u>\$10.5</u>	

SENATOR ANDREWS: With the transfer of the \$7.2 million to the National Highway Traffic Safety Administration (NHTSA) activity, how much funding remains in the "505" program? Earmarked or uncommitted?

ANSWER: With the transfer to NHTSA, there would be \$16.2 million of appropriated section 505 funds which have not yet been obligated. \$3.4 million of this amount was designated by the Congress for a project on the Detroit and Mackinac Railway Company in Michigan. The balance represents funding originally earmarked by the Congress for a rail freight terminal rehabilitation and modernization project in East St. Louis, but now not to be used for that purpose. There has been no Congressional redesignation of the East St. Louis earmarking to other projects. However, in the Conference Report accompanying the Department's FY 1984 Supplemental Appropriations, the conferees urged FRA to give priority consideration to the section 505 applications of the Monroe County Railroad Authority (Pennsylvania) and the Delaware Otsego Corporation (New York and New Jersey) to the extent that such projects could be funded from surpluses derived from existing projects for which section 505 funds have been reserved. No specific sources or amounts were specified. Active negotiations for \$4.4 million in financing to be obtained from the East St. Louis earmark are proceeding with the Delaware Otsego. The proponents of the Monroe County proposal have not pursued their undertaking for some time.

SECTION 511 - LOAN GUARANTEES

SENATOR ANDREWS: The fiscal year 1985 appropriations provided a limitation of \$2.5 million on new loan guarantees. How much does FRA expect to issue in new loans under this program? To whom? For what purpose?

ANSWER: FRA expects shortly to use the entire \$2.5 million for the guarantee of a loan in that amount for the Columbus and Greenville Railway Company (C&G) in Mississippi. The C&G proposes to use the loan to purchase certain Illinois Central Gulf Railroad lines in western Mississippi.

SENATOR ANDREWS: How many applications does the FRA have pending for this money? From whom and for what purpose?

ANSWER: FRA has a preliminary application from the Columbus and Greenville Railway Company (above) for a loan guarantee in the amount of \$2.5 million to be used for the purchase of certain Illinois Central Gulf Railroad lines in Mississippi.

FRA also has before it a preliminary application from the Inter-Rail Express Corporation (New York City) seeking a loan guarantee of \$6.5 million for the purchase of RoadRailer equipment to be used in freight service between Florida and New York City.

SENATOR ANDREWS: Has the \$2.5 million limitation imposed by the Appropriations Act had any impact on this program?

ANSWER: In FRA's opinion, the \$2.5 million annual limitation for FY 1985 has not had a major impact on the section 511 loan guarantee program.

SECTION 803 - BRANCH LINE ASSISTANCE

SENATOR ANDREWS: What does the FRA offer those who will lose service after a Conrail sale? Don't you expect lines to be abandoned?

ANSWER: FRA does expect significant abandonments to be filed after the sale. Conrail has utilized its expedited abandonment authority to streamline its options extensively since 1981--and with the proposed divestitures, Norfolk Southern's original estimation of potential abandonment of 1,250 miles has been reduced to under 500 miles. Should abandonments be filed, remedies are available through Conrail after sale will be subject to the identical laws and regulations that apply to all other railroads. The Staggers Act established strict guidelines and deadlines which allow for offers of financial assistance to be made in order that service continue on lines that are proposed for abandonment.

Norfolk Southern has agreed to continue Conrail's business substantially as it is now being conducted by Conrail and its subsidiaries, for a period of five years after the sale.

Norfolk Southern has not proposed altering or abandoning any specific service now being provided by Conrail. They most likely will pursue the abandonment applications filed by Conrail.

Norfolk Southern has agreed to discontinue the use of expedited abandonment procedures and to continue Conrail's practice of offering Conrail's abandonable lines to shortline operators at 75 percent of net liquidating value. This mechanism has been highly instrumental in preserving service on such lines.

SENATOR ANDREWS: In the prepared remarks, you state that the FRA was instrumental in preserving rail services for shippers and local communities on light density lines abandoned by major carriers. Why are you now abandoning them?

ANSWER: FRA is very concerned about aiding shippers and local communities in preserving rail service. Our experience under past financial assistance programs is that the key to preserving local rail service is the financial commitment of the shippers and local communities. Consistent with this, I have established a Community and Shipper Assistance Staff to provide technical assistance with respect to analyzing service options and developing private sector financing packages. The FY 1986 budget includes sufficient funding to continue this effort.

SENATOR ANDREWS: Do you believe that some of the proceeds from a Conrail sale could or should be used to offset the local dislocation effects of a Conrail sale?

ANSWER: The Administration has consistently maintained that the proceeds of the sale should go to the general fund. From that point the Congress would have discretion as to the most appropriate use of the Conrail proceeds.

SENATOR ANDREWS: Besides the \$10 million of discretionary funds made available by the Committee, how much in additional funds will become available because states did not apply for their full 1984 entitlements?

ANSWER: A total of \$450,000 in additional discretionary funds has become available as a result of several states not applying for their full 1984 entitlements by March 31, 1985.

SENATOR ANDREWS: What is the status of the funds provided for this program for Fiscal Year 1984 and Fiscal Year 1985? That is, what amount of the entitlements and what amount of the discretionary funds has been obligated for FY 1984 and FY 1985?

ANSWER: In Fiscal Year 1984, FRA granted a total of \$18,000,430 in Local Rail Service Assistance. Of this amount, \$14,881,129 was awarded for entitlement grants and \$3,122,301 in discretionary grants. During Fiscal Year 1985, we have granted \$3,013,107 in entitlement funds and have \$5,558,924 in pending entitlement applications. The submission deadline for discretionary applications was April 15. A total of 28 states submitted applications requesting \$28.3 million in LRSA discretionary funds. The applications are currently being reviewed and evaluated.

SENATOR ANDREWS: Please provide the Committee the latest listing of Local Rail Service Assistance discretionary applications pending before FRA. List the applications by state, amount, and include a brief description of, and date when the application was made.

ANSWER: To provide states sufficient time to prepare discretionary applications, FRA established an application submission deadline of April 15, 1985. The following states have submitted discretionary applications as of the submission deadline.

LRSA DISCRETIONARY APPLICATIONS

<u>STATE</u>	<u>AMOUNT</u>	<u>PROJECT</u>
Arizona	\$ 75,000	Continued rehabilitation of San Manuel Arizona Railroad.
California	462,000	Rehabilitation of Sierra Railroad.
	161,000	Rail facility construction in Port of Oakland.
Georgia	124,128	Rehabilitation of Seaboard System line from McCaysville to Blue Ridge.
Idaho	777,916	Continued rehabilitation of St. Maries River Railroad.
Illinois	420,077	Rehabilitation of 10 miles of the former Rock Island Milan Branch.
	419,244	Rehabilitation of track in Chicago Port District.

	75,000	Rehabilitation of 2 miles of Chicago and North Western line in City of Rockford.
Iowa	2,631,450	Continued rehabilitation of Chicago and North Western line between Goldfield and Superior.
Kansas	518,700	Rehabilitation of Oklahoma-Kansas-Texas Railroad between Riverdale and Wellington.
Louisiana	630,200	Relocation of rail facilities in City of Gretna.
Massachusetts	347,462	Rehabilitation of Boston and Maine's Danvers Branch.
Maine	910,000	Construction of connection to Sears Island.
Michigan	1,159,333	Rehabilitation of Ashley to Marion line operated by Tuscola and Saginaw Bay Railroad.
Minnesota	499,207	Rehabilitation of Norwood to Hanley Falls line.
Mississippi	1,239,129	Continued rehabilitation of Columbus and Greenville Railway.
Missouri	1,232,350	Continued rehabilitation of the Missouri-Kansas-Texas line between LaDue and the Kansas border.
Montana	1,944,600	Reinstallation of track on line between Moore and Sipple and construction of a connection.
	1,937,930	Rehabilitation of Moccasin to Spring Creek Junction line.
Nebraska	906,644	Continued rehabilitation of Chicago and North Western's Stuart to Lone Pine line.
New Hampshire	75,000	Rehabilitation of Boston and Maine's Hillsborough Branch.
New Jersey	374,640	Construction of connection near Alpha.

LRSA DISCRETIONARY APPLICATIONS

<u>STATE</u>	<u>AMOUNT</u>	<u>PROJECT</u>
New York	\$ 275,100	Construction of connection in Ellicott.
	472,500	Rehabilitation of Dansville and Mount Morris Railroad.
	262,500	Construction of team track in Queens.
	138,138	Reconstruction of track in Oak Point Yard.
North Dakota	2,075,387	Continued rehabilitation of Soo Line between Fordville and Loma.
	926,442	Continued rehabilitation of Soo Line between Wishek and Ashley.
Oklahoma	910,000	Rehabilitation of Oklahoma-Kansas-Texas Railroad.
Oregon	312,375	Continued rehabilitation of City of Prineville Railway.
South Carolina	1,659,000	Rehabilitation of Greenville Northern.
	205,800	Acquisition of Seaboard System line between Cheraw and Society Hill.
	240,100	Acquisition of Seaboard System line between McColl and Marlboro.
	274,400	Acquisition of Seaboard System line between Hartsville and Bishiopville.
	470,400	Acquisition of Seaboard System line between Andrews and State Junction.
South Dakota	1,941,623	Rehabilitation of state-owned Mitchell to Aberdeen line.
Tennessee	165,998	Rehabilitation of Nashville and Ashland City Railroad.
Texas	323,700	Rehabilitation of Border Pacific Railroad.

LRSA DISCRETIONARY APPLICATIONS

<u>STATE</u>	<u>AMOUNT</u>	<u>PROJECT</u>
Virginia	\$ 453,918	Continued rehabilitation of Eastern Shore Railroad.
West Virginia	100,000	Continued rehabilitation of South Branch Valley Railroad.
	200,000	Rehabilitation of Wheeling Industrial Track.
<u>TOTAL</u>	<u>\$28,328,391*</u>	(28 States)

*The State of Kentucky also submitted an advance notice of a potential emergency project to rehabilitate the Frankfort and Cincinnati Railroad at an estimated cost of \$1,000,000.

TERMINATION OF STATE RAIL SAFETY GRANTS

SENATOR ANDREWS: The Administration is once again proposing the termination of Federal funding of the State rail safety program. It is interesting to note that the Department has not proposed terminating two similar programs, the Motor Carrier Safety Grants and the Natural Gas Pipeline Safety Grant-In-Aid. Why does DOT feel that these programs are effective at attracting additional State funding while you maintain the Rail Safety Grant program does not?

ANSWER: The rail safety grant program has effectively matured over the past 15 years whereby it is more cost effective to have the States fully fund their own inspectors. The three DOT Safety Grant programs noted (Motor Carrier Safety Grants, Natural Gas Pipeline Safety Grants-In-Aid and the Rail Safety Grants) while similar in providing Federal subsidies to the States are very different in program objectives.

The Motor Carrier Program was recently initiated with the 1982 Surface Transportation Assistance Act with a five year life cycle to have States inspect commercial motor vehicles in accordance to Federal regulations or compatible State regulations and is aimed mainly at reducing the number and severity of hazardous materials accidents. Some States were previously performing roadside vehicle inspections and it was in the Federal interest to enhance the State inspection program to a greater and more effective level. States with no existing program were encouraged to initiate a program. This program is a composite Federal/State program that has been upgraded and improved with Federal funds. The Fiscal Year 1984 program has provided approximately 2,000 State inspectors under the "enhancement" over any established State force and existing Federal staff of approximately 150 field investigators. This program is authorized to reimburse 80 percent of the States' operating costs.

The Natural Gas Pipeline Safety Grant program is very similar to the Motor Carrier Safety Grant program as it provides Federal assistance to an existing State (intrastate) program. Here too the number of State inspectors far exceeds the Federal inspectors (there are by approximately 240 State inspectors compared to 15 Federal inspectors). This program is authorized to provide up to 50 percent matching Federal funds.

The Rail Safety Grant program is different from these two other grant programs, as it is a Federal program whereby a large existing Federal inspector (325) force is being assisted by State inspectors (103).

The State Rail Safety Grant program permits States to participate in the enforcement of Federal rail safety regulations. State rail safety inspectors complement the Federal rail safety inspectors and are reimbursed up to 50 percent of their operating costs. FRA is proposing to eliminate funding for the State Participation program because it is cost-effective to do so. FRA estimates that most States (28 out of 32) would continue to participate in the FRA program with 70 of the current 103 inspectors even without Federal matching funds.

SENATOR ANDREWS: For example, the budget justification for the Pipeline Grant-In-Aid program states "This funding mechanism provides a continuing incentive for State participation in the program which, in turn, ensures a level of compliance activity far in excess of that which could be provided directly by the Federal Government with the same amount of funds". What are the differences between the pipeline program and the rail program that lead to such a difference in terms of attracting State funds to their respective programs?

ANSWER: One of the major differences is that the pipeline system is primarily an intrastate program while the railroad system is primarily an interstate program. The Gas Pipeline Grant program provides Federal assistance to an existing State inspection program. However, the Rail Safety Grant program is a Federal program whereby a large existing Federal rail safety inspection force is assisted by State rail inspectors trained to enforce Federal rail safety regulations. It is more in the interest of the States and Federal government to have the States more involved in the pipeline grant program. The number of State pipeline safety inspectors far exceeds the Federal inspectors by a ratio of 16 to 1 (240 to 15). While the reverse is true for the Rail Safety Grant program where there are 103 State inspectors and 325 Federal rail safety inspectors. The participating States in the pipeline grant program have also, by necessity, funded up to 70% percent of the program when Federal funding was insufficient to fund a full 50 percent matching share.

SENATOR ANDREWS: In a letter dated February 7, 1984 to Chairman Hatfield you state that a survey suggests that discontinuance of Federal matching funds would result in at least 28 States continuing in the program with a retention of at least 70 inspectors. Do you think the Administration's budget proposal for FY 1986 would cause any of these States to reconsider participation?

ANSWER: Judging from our recent contacts with participating States, we do not think that the survey results would be any different now. Based on that past survey, 28 of the 32 participating States are expected to continue in the program with a retention of at least 70 inspectors. States are committed to the rail safety program with or without Federal funding. The additional increased cost in Fiscal Year 1986 to each State in the absence of Federal subsidies would be small (approximately \$109,000 on average) and should be easily manageable and not an undue burden on each State remaining in the program.

SENATOR ANDREWS: If a State terminated its rail safety program, would FRA conduct more inspections in that State? You are requesting six more inspectors for FY 1986, are these to replace the 26 to 30 State inspectors you expect to see terminated?

ANSWER: During a recent survey of the 32 States having 103 inspectors in the State Participation Program it was determined that discontinuance of Federal matching funds would result in at least 28 States continuing in the program with a retention of at least 70 inspectors, or a maximum reduction of 33 inspectors.

Program coordination and cooperation would continue between FRA and the participating States even after the termination of the Federal funding.

Rail safety is FRA's top priority and the authorized Federal inspection force of 325 inspectors is fully qualified to meet the challenge. Terminating rail safety grant funding would not have a measurable effect on rail safety.

FRA is hoping to complete in the near future comprehensive alcohol and drug use control regulations. This is a new safety area for FRA. The alcohol and drug training position will be used to assist with implementing the new regulations in the field and provide periodic training to keep FRA and railroad personnel up to date on FRA enforcement practices.

Five additional Deputy Regional Director positions are requested to assist in the day-to-day operations of the larger, more active, FRA regions where workload requirements demand continuous senior level planning, coordination, control and negotiation at all levels dealing with local, State, and regional authorities as well as union, shipper, consumers and carrier concerns. These are not intended to replace any State inspector efforts but will provide more management of all safety program efforts.

SENATOR ANDREWS: You cited the "cost-benefit" of the program as a reason for termination. Your "cost-benefit" was based only on the cost to the Federal Government of attracting additional State inspectors. However, this analysis does not consider State costs. What is the average annual cost, including travel, and related costs of a State inspector versus a Federal inspector? Your "benefit" appears to be largely the amount of cost passed to the States. Please explain.

ANSWER: Under this Rail Safety Grants-In-Aid Program, participating States are reimbursed up to 50 percent of their operating costs. The annual Federal share in Fiscal Year 1985 is approximately \$3.2 million for the 32 participating States.

For example, it would cost each State an additional \$109,000 on average to pick up the Federal share in Fiscal Year 1985. FRA estimates from its 1984 survey that most States (28 out of 32) would continue to participate in the FRA program with 70 of the current 103 inspectors even without Federal matching funds. The incremental benefit of continuing this Federal grant program therefore would be an estimated 33 State inspectors at an FY 1986 cost of \$3.5 million or \$109,000 per inspector including all related expenses (travel, equipment, etc.). If the State does not see the positions as valuable enough to merit that minimal financial commitment, it tells us all something about the cost-benefit value of the program. A comparison of State inspector total costs versus Federal total costs is not a good "yardstick" of productivity or cost effectiveness as the activities of the Federal inspectors are broader and more comprehensive. States are chiefly involved in the routine inspections, whereas Federal inspector activity involves a greater extent of carrier contact, accident investigations, and special investigations. Nevertheless, a Federal inspector, including overhead, costs \$65,000. In Fiscal Year 1985 the cost of State inspector on average per the Federal 50 percent matching share is approximately \$31,000 (\$3.2 million program/103 State inspectors). The State share would likewise be \$31,000/inspector or the total State inspector cost would be \$62,000. State inspector salaries range from \$20,000 to a high of \$42,000 and Federal inspector salaries range from \$32,000 to a high of \$41,000. Salary scales for State inspectors are determined by the individual States as they are with all State employees. Overall, Federal inspectors are a more highly trained and experienced group. The average number of years of railroad experience for the FRA inspection force is 15.

SENATOR ANDREWS: Do you feel State inspectors make a worthwhile contribution to rail safety?

ANSWER: Yes, State inspectors make a worthwhile contribution to rail safety. Through the years the FRA with the help of State inspectors has been better able to inspect our nation's rail system and thereby improve its safety record. State inspectors have made a significant contribution in this effort and are expected to continue to play an important role in the future. Eliminating the Federal funds for the States Grants-In-Aid program will not jeopardize the State programs or require an increase in Federal inspections. We believe State inspectors will continue making a contribution in the future and FRA is committed to continue to train State inspectors and coordinate and consolidate their inspection plans into FRA's National Inspection Plan. That Plan is revised annually to reflect current safety issues, pinpoint problem areas and to establish the priority of Federal inspection efforts and ensure coordination with State safety programs. Railroad safety will not be compromised in the process, and the effective working relationship established between the States and FRA will continue.

NORTHEAST CORRIDOR IMPROVEMENT PROGRAM

SENATOR ANDREWS: The budget proposes transferring \$30 million of Northeast Corridor funds to other accounts to cover FY 1985 pay supplementals. Is this the money originally held for the Philadelphia/Atlantic City run?

ANSWER: Yes.

SENATOR ANDREWS: Why does FRA want to transfer this funding? Is it because of the budget request for Amtrak or hasn't this project met FRA and/or Congressional deadlines? Please explain.

ANSWER: Undertaking the Atlantic City to Philadelphia project, particularly under the aegis of Amtrak, would be inconsistent with the elimination of Amtrak subsidies.

SENATOR ANDREWS: Do you believe (in light of the Administration's budget request for Amtrak) that FRA should obligate over \$53 million for this corridor in Fiscal Year 1985?

ANSWER: Of the \$53 million, \$25.2 million is for projects for which far greater sums have already been committed. Not obligating and spending these remaining funds would result in a wasting of prior investments. For example, new signals have been purchased with prior year obligations and part of the \$25.2 million would go toward installation. The remaining \$27.8 million was appropriated for specific projects identified by Congress in the "Continuing Appropriation for the Fiscal Year 1985..." They are: Union and Warren Street Bridges in New Jersey. New York tunnel electrical and mechanical improvements, reverse signaling from Philadelphia to Morrisville and concrete ties. These capital improvements are consistent with continued operation of the Northeast Corridor under the sponsorship of State and local authorities.

CONRAIL LABOR PROTECTION

SENATOR ANDREWS: You are not asking for any Conrail Labor Protection funds either to cover Section 701 or Section 702 payments. Yet during last year's hearing it was established that Federal Government responsibility for "701" extended for eighteen months after a Conrail sale. Are you changing the current law in your Conrail legislation?

ANSWER: Yes. The Department has submitted enabling legislation which would eliminate the provision allowing employees to become eligible for Section 701 labor protection benefits during an eighteen month period following the sale. Section 108 of the proposed legislation deletes that language, thereby limiting 701 benefits to those employees who had become eligible before the date of sale.

Legislation submitted to Congress to implement the sale of Conrail would require that the Norfolk Southern

and the purchaser of any divested tracks or facilities provide "New York Dock" labor protection benefits to adversely affected employees. New York Dock is the standard labor protection provided rail industry employees in the case of mergers and consolidations.

Employees who had become eligible for Section 701 benefits prior to the sale would continue to receive monthly payments until they either reached the \$20,000 individual limitation, or until they returned to work. Any 701 funds remaining after this period would be requested by FRA for reprogramming to other priority programs.

SENATOR ANDREWS: At the end of fiscal year 1985 FRA estimates an unobligated balance of \$5.5 million in the Corail Labor Protection Account. An accounting notation shows this balance being transferred in FY 1986. To what activity/account are you transferring this money? (There is nothing in the budget justification that suggests when or where this money is to be transferred.)

ANSWER: The \$5,549,000 was listed on Line 22.40 (Unobligated balance transferred, net) in FY 1986 due to a typographical error. The funds should have been listed on Line 24.40 (Unobligated balance available, end of year). This item was submitted correctly in the FY 1986 President's Budget Appendix.

RAIL GRADE CROSSINGS

SENATOR ANDREWS: In your opening statement, you indicate that almost all of the increase in railroad related fatalities resulted from grade crossing accidents and trespassers on railroad property. Please describe your efforts to address this problem.

ANSWER: FRA's efforts which address rail-highway crossing and trespasser issues may be classified into three general areas. FRA collects and disseminates information regarding crossings and accidents. FRA assists in the promotion of crossing and trespasser programs, and FRA investigates some (but not all) rail-highway crossing and trespasser incidents. Let me elaborate on each of these:

By Law (P.L. 91-458), railroads are required to file accident/incident reports with the FRA. All rail-highway crossing accident and trespasser casualties are reported to the FRA. The FRA is also custodian of the US DOT/AAR National Rail-Highway Crossing Inventory. This computerized data base contains locational, jurisdictional, operational and descriptive information regarding every rail-highway crossing in the country. The Inventory was developed in response to legislation enacted in the early 1970's which required the Secretary of Transportation to work towards improving safety at crossings. States and railroads voluntarily continue to provide updating information for this file. More than 70,000 changes were received in 1984.

The FRA processes accident/incident and casualty reports and Inventory updates, publishes data in annual bulletins, uses the data for histories, analyses and program assessments, and

makes the data available to all levels of government and industry for their research, analyses and program management. These services are widely used.

FRA continues to be an active promoter of rail-highway crossing and trespasser programs throughout the country. FRA personnel work with Federal Highway Administration (FHWA) offices from their Washington headquarters to their Regional, Division and District offices. They participate jointly in meetings between individual States, railroads and the FHWA regarding State crossing safety improvement programs. FRA has responded to State requests for technical assistance regarding crossing signal systems. FRA has participated in the development of low cost demonstration programs, and is promoting, to railroads, States and local authorities, the concept of low cost alternatives. FRA is assisting and promoting Operation Lifesaver at national, State and local levels. We've assisted in sponsoring National meetings, and in 1984, FRA field personnel made more than 1,000 contacts or presentations reaching directly nearly 100,000 people in schools, shopping malls, fair grounds, civic meetings, etc., with crossing and trespasser safety messages. FRA's 1985 goal is to make 1,200 contacts, and to emphasize the enforcement aspect of Operation Lifesaver.

Lastly, FRA field personnel respond to complaints regarding malfunctioning warning devices and dangerous practices/situations, and FRA personnel investigate selected rail-highway crossing accidents. Over a year ago I changed the threshold for an FRA investigation of a crossing accident from five or more fatalities to two or more fatalities. As a result, in 1984 the FRA investigated 86 rail-highway crossing accidents. In addition to these general areas, FRA has also sponsored three special inquiries on grade crossing safety (one last July and two here in Washington in January) in order to bring the best minds of management, labor and government together to offer methods for addressing on going grade crossing safety problems. FRA's Office of Safety is reviewing the testimony and hopes to develop recommendations from it.

SENATOR ANDREWS: You state Federal Railroad Administration and Federal Highway Administration are working to illustrate the efficiency of low-cost approaches for improving the safety of low-volume crossings. How effective has this effort been?

ANSWER: The tendency for program managers in State and railroad offices to skip over low-volume crossings was understandable in the early days of the Federal program to improve on crossing safety. At that time, in the mid and late 1970s, many high-volume crossings existed where safety deficiencies were glaring. As the program has matured into the mid 1980s the high-volume crossings with obvious needs, have been addressed. In large measure, what now remain are crossings with less subtle needs--improvements which are sometimes invisible to the motorist or not associated by the motorist as being crossing safety motivated. Train detection circuitry improvements at crossings already equipped with automated warning devices, or tree trimming and brush clearing on the highway approach to make the crossing more visible or street lights at the crossing, could all be considered as examples of low-cost improvements. Other examples would include crossing

closure, improved signing, pavement markings, crossing surface improvements, larger flashing light assemblies, straightening or improving highway approach angles both laterally and vertically, minimizing confusing background lighting, and removal of unused or unneeded track, equipment, structures and berms. These are all site specific improvements, unrecognizable from the program planner's worksheet, but very apparent on location. The purpose of the FRA/FHWA effort is to increase the program planner's awareness of these alternatives, and to get him/her to those locations which on the basis of rail or highway volumes would not otherwise be visited.

The FHWA has available a slide/tape show detailing a rail corridor demonstration project which accomplished several low cost improvements during the 1982 construction season. This show is used by FRA and FHWA field personnel to promote consideration of low cost improvements to local, State and railroad officials. FRA and FHWA are currently working together to develop additional demonstration projects and workshops. Interest among State and railroad planners is present--several corridor projects and concentrated low cost improvement programs have been reported in recent rail and highway gatherings.

SENATOR ANDREWS: What approach is being recommended for these railroad grade crossings?

ANSWER: The recommended approach is for State and railroad officials to cooperatively select a rail corridor and then to involve each community, city and county in the assessment of all crossings along the corridor. Each site should be visited--with pre-planning, several sites can be visited in a few hours--by a diagnostic team made up of railroad, State and local officials. If the "team" is optimally configured, decisions regarding cost allocations, schedules, eligibilities and corrective action(s) can be settled on-the-spot.

SENATOR ANDREWS: What research was conducted to determine this is the most effective solution to the problem?

ANSWER: Closing a crossing, or grade separating the modes (building a bridge), or installing train activated automatic warning devices are usually more effective, in terms of reducing accident rates. However, most often because of cost or traffic patterns, these are not always feasible solutions. By the very nature of the problem (i.e., low volumes, low accident rates, and no single solution), statistical improvements are difficult to measure. Basic research has been done, and is continuing, regarding the efficiency of different signing options, and regarding motorist needs in terms of time, distance, angles, approach speeds, and the conspicuity of warning devices, the crossing and the train. The conclusion is a "best engineering judgment" approach to making low cost improvements at low-volume, low accident probability crossings, where no other more costly improvements are likely to be accomplished. It is our judgment too, that these crossings should not be overlooked when low cost improvements are available.

SENATOR ANDREWS: What research has been done to control the problem of trespasser injuries?

ANSWER: In recent months FRA staff has discussed with the industry some of their current approaches to the problem, but

little consensus and few ideas have resulted. The Association of American Railroads publishes monthly tallies regarding railroad police activities which reflect the level of trespasser activity (assuming police activity has been constant). Some railroads keep records of individuals arrested or moved from railroad properties and take stronger or follow up action when repeat offenders are encountered. Some have tried helicopter patrols, volunteer rail "Fan" clubs, and fencing to detect or deter trespassers. Others have tried multi-lingual signing and posters, have produced movies, and have made school and community group contacts and presentations. All of these appear to have achieved some success, but none with widespread or clearly citable results.

SENATOR ANDREWS: How is the trespasser problem being dealt with currently?

ANSWER: The industry has been addressing the trespasser problem, as I've already mentioned. The FRA has provided some assistance through the Operation Lifesaver program. Though Operation Lifesaver's primary focus is on rail-highway crossing problems, our involvement has provided entree to schools and civic groups where the trespasser problem can also be addressed. Two excellent films are available, one called "Trespass", produced by Conrail, the other called "Four Kids and a Train", produced by Amtrak. The former is directed at adolescent and adult audiences, and the latter is intended for grade school children. Prints of these films have been provided each of FRA's eight Regional Offices and are used in making presentations to local community groups. Both Conrail and Amtrak personnel also use these films in making similar presentations.

SENATOR ANDREWS: In view of the fact that almost all the increase in railroad related fatalities occurred in the areas of grade crossings and trespassers, why is no research in your R&D budget directed to these problems?

ANSWER: For several years, starting in the early 1970's until last year, the FRA sponsored analytic, program, and hardware research regarding rail-highway crossing safety. Most of this work was accomplished at the Transportation Systems Center (TSC) and was jointly sponsored by the FHWA. The FHWA is continuing to support research at the TSC, at Oak Ridge National Laboratories, at the University of Tennessee, and with private contractors. FRA staff serve on oversight committees for these projects. FRA also supports these research efforts through its Information Collection Budget by making and keeping accident, casualty and inventory data available. The FRA is currently sponsoring an effort which is reviewing industry and State uses of the US DOT/AAR National Rail-Highway Crossing Inventory. This contracted effort, funded through the Information Collection Budget, will recommend changes (if needed) to the Inventory and to the techniques which keep it up-to-date. The same contract also calls for a review of Operation Lifesaver, and for recommendations for enhancing FRA's contribution to this program.

FRA staff also participate on national committees, specifically the Transportation Research Board's Committee on Railroad-Highway Grade Crossings, the American Railway

Engineering Association's Committee on Highway-Railway Programs, and on the National Safety Council's Committee on Grade Crossings, which hear and coordinate research reports. FRA staff recently participated in an FHWA sponsored effort to develop and prioritize rail-highway crossing related research priorities. When the results of this prioritization effort are published, the FRA will review its continuing research involvement.

SENATOR ANDREWS: What is the FRA's role and responsibility in reducing highway grade crossing accidents? Who in the Department of Transportation is responsible for developing better ways to avoid grade crossing accidents?

ANSWER: Rail-highway crossing safety is truly an intermodal problem requiring intermodal and interagency cooperation. The Office of Secretary and three agencies, i.e., the National Highway Traffic Safety Administration (NHTSA), the Federal Highway Administration (FHWA), and the FRA, work together in addressing this problem, and, in particular, in fostering the necessary contacts and cooperation between States and railroads. The vast majority of funds, available to States for crossing safety originate from the Federal Highway Trust Fund. Programs which utilize these funds are overseen by the FHWA. Research and related analytic/developmental efforts have been divided among the three agencies in accordance with a 1974 DOT memorandum which charges the FRA with concentrating "on 'train side' problems" and train detection equipment. FHWA is tasked with concentrating on motorist warning devices, barricades and crossing eliminations, while the NHTSA concentrates on human factors and driver behavior. The need for these three agencies to coordinate their initiatives is noted.

The FRA concurs in this division of responsibility but reserves the prerogative of being an active participant and promoter of both FHWA and NHTSA efforts. By staying involved the FRA tries to insure that the rail-highway crossing problem is addressed as an intermodal transportation problem. It is interesting to note that over half of the fatalities attributable to rail operations stem from crossing accidents, but that this same number of fatalities is only one or two percent of the total highway problem which may be the FHWA or NHTSA perspective.

SENATOR ANDREWS: The Rail Safety Information System contains a grade crossing inventory and a grade crossing accident file. How do you use this to assist States in allocating funds for grade crossing improvements?

ANSWER: Both the Inventory and accident data bases are national information resources. Both are used extensively by States, railroads and local governments for project prioritization, program planning, and program assessments. State and county, even city tabulations of crossings, warning devices, traffic counts, and accidents serve to pinpoint where accidents are happening and their circumstances; and they indicate where program activities (either on-site warning device improvements or more general Operation Lifesaver type media coverage) might be most useful. The FRA makes the data available either as detail listings of crossings and accidents, or as tabulations. Also available to the program planner are

accident predictions by crossings (based on a DOT Formula which uses crossing characteristics from the Inventory and accident histories) and a Resource Allocation Model which will make recommendations for specific warning device upgrades at individual crossings based on optimizing benefit-cost ratios. This latter process also uses a DOT developed model which employs accident predictions, warning device cost and effectiveness data, and a stated budget limitation. The predictions and allocations are not intended as the "last word" in the project selection process, but as initial inputs to help guide the planner in narrowing down the almost imponderable number of options with which they must deal. Several States and railroads request this kind of data support regularly.

SENATOR ANDREWS: What research has been done in this area to guide the States in using over \$1 billion in funds for grade crossing safety improvements?

ANSWER: FHWA and FRA have sponsored the development of three data based analytic tools for use by States and railroads in managing rail-highway crossing safety programs. All three were developed at DOT's Transportation System Center (TSC) in Cambridge, MA.

The first of these is a set of Accident Prediction Formulas which use the US DOT/AAR National Rail-Highway Crossing Inventory and the Grade Crossing Accident/Incident Reports as input. Crossing characteristics from the Inventory are considered along with accident histories to produce accident predictions for individual crossings. This process is widely used by States, railroads and some communities.

The Resource Allocation Model considers crossing accident predictions, warning device costs and effectiveness, and the planner's budget in developing a recommended set of projects which will optimize the number of accidents reduced per-dollar spent among the crossings under his/her jurisdiction. It is intended that the planner's process begin with this step (rather than end with it) and that as additional facts regarding program alternatives and each crossing are assimilated the planner will be able to make more fully informed and rational decisions regarding available options. Inputs to this Model required considerable related research, also using the Inventory and accident files, to determine warning device effectiveness ratios and engineering, procurement, installation and maintenance (life cycle) costs. The Model enjoys regular, but not widespread, use among State and railroad planners.

The last analytic tool is a set of formulas for making Crossing Accident Severity Predictions. This procedure is relatively new (the first report was published in 1984) and State/railroad reaction is not yet known. The FHWA and TSC are working towards having severity versus accidents available as an option in the Resource Allocation Model. The processes and necessary documentation are not yet complete. The work is being done at TSC.

SENATOR ANDREWS: An FRA spokesperson was quoted recently in an article printed in the Congressional Record as stating, "Whistles are not mandatory. If trains have them though, they must meet a loudness standard". Shouldn't whistles or other signaling devices be required?

ANSWER: With the possible rare exception of some industrial pusher or yard locomotives, all locomotives, especially over-the-road or line-haul locomotives, are equipped with whistles. In addition, the Operating Rules of all major railroads require their use at rail-highway crossings. There is little justification for the FRA to require by regulation something which is, in reality, already a fact.

SENATOR ANDREWS: Has FRA studied possible regulatory changes to locomotives that could reduce crossing accidents? (For example, brighter lights, sirens, more visible colors on locomotives.)

ANSWER: Yes. The FRA has looked at possibilities for both locomotives and railroad cars. Alerting lights (strobes, oscillating, flashing), reflectors and paint schemes have, over the years, been discussed. The FRA has released reports dealing with all three. The Visibility and Audibility of Trains Approaching Rail-Highway Grade Crossings, published by FRA in 1971, dealt with this whole topical area, made several suggestions, but was not specific as to changes or combinations of changes and expected payoffs. Several railroads have adopted paint schemes for locomotives and railroad cars with crossing safety as one of the motivating factors. No claims have been heard relative to benefits.

More recently, the FRA has published two reports, Freight Car Reflectorization in 1982, and Equipping Railroad Locomotives with Oscillating Headlights, A Report to the United States Congress, February 1983. Both of these reported on extensive analytic and field research, but neither effort was able to isolate benefits sufficient to off-set the cost of a regulatory solution. Again, several railroads have gone ahead with their own programs and experiments.

SENATOR ANDREWS: FRA has had several meetings on grade crossing safety including one in January 1985. What did you learn at these meetings?

ANSWER: The FRA has held two Special Safety Inquiries regarding rail-highway crossing programs, safety and alternatives. The first of these was held last July in Minneapolis, Minnesota, and the second was held in January of this year in Washington, D.C. In both instances we had requested our fellow Federal agencies, States, railroads, railroad suppliers, labor unions, universities, industry associations, interest groups, and the public to meet with us to discuss, in a formal but non-adversary setting, their experiences with crossing programs, their plans for continued involvement, and their recommendations for further FRA involvement. We are still reviewing the docket, but three items are of particular note, and I would like to site them here.

First, the increasing acclaim for use of the corridor approach in making crossing needs assessments, particularly when combined with consideration of low-cost improvement options.

Second, the universal regard for Operation Lifesaver, but also the need to promote the "enforcement" component of this program to State, county and local law enforcement personnel.

Third, the potential of Texas' 800-number call-in program by which the public may notify the State (and subsequently, the railroad) of warning device malfunctions. The FRA will be looking at all three of these plus any other recommendations which emerge from the Inquiry dockets over the coming months.

RESEARCH AND DEVELOPMENT (R&D)

SENATOR ANDREWS: Last year, you testified that you were considering consolidating your rail safety and research and development (R&D) programs. The FRA budget justification still contains both programs. Why did you decide not to combine them?

ANSWER: FRA recently completed an in-depth management review. We found that the expected gains from merging safety and R&D functions had been achieved by implementing structured coordination and management mechanisms. We found further that maintaining two distinct but coordinated channels to the FRA Administrator ensures having independent, objective, engineering and scientific insights and separates them from the day-to-day matters associated with safety enforcement and the rulemaking process.

SENATOR ANDREWS: Has FRA published the prospectus on what we need to accomplish in safety research over the next several years and the budget required to get there? Could you outline these needs?

ANSWER: The Office of Research and Development (OR&D) receives inputs from user organizations and OR&D analyses and prepares forecasts of research and development needs over a five year period. These forecasts include budgetary requirements and are reviewed by the FRA Administrator, the Associate Administrator for Safety, and other involved FRA offices. The forecast is updated each year to reflect the most recent Congressional appropriation, changes in emphasis, and new developments or trends affecting railroad safety. The most recent forecast highlights evaluation of rail deterioration, track degradation, and safe track geometry limits and verifies the effects of these limits on different rail vehicles. FRA will continue to place emphasis on the development of track inspection strategies and devices that reliably detect rail flaws, geometry deviations, and conditions that cause track buckling. Dynamic evaluation and fatigue testing of new-design rail cars and a high performance integral train (HPIT) will also receive emphasis. The forecast indicates the safety need for continuing study of transport of hazardous materials--especially in the inter-modal environment--changing operating practices, and new-design railway equipment components.

SENATOR ANDREWS: Does this budget reflect these needs?

ANSWER: Yes, our budget request for FY 1986 is consistent with those planned activities.

SENATOR ANDREWS: You are requesting \$10,384,000 for FY 1986, over \$5 million less than the FY 1985 level. However, you are planning on a program level only \$500,000 less than last year because of savings in prior years due to cost avoidance, reduction and efficiency efforts. Briefly outline the sources of your \$5 million in savings.

ANSWER: The savings can be attributed, in large measure, to the cessation of research primarily intended to enhance the economic recovery of railroads. Deregulation, which improved the railroads' economic situation, enabled us to redirect our R&D program to safety research issues. Non-safety related projects, projects better performed by the private sector, projects inappropriate for Federal involvement, projects of limited benefit or without potential for widespread use, and projects not providing significant railroad safety improvement were curtailed or eliminated. Savings also derive from the turnover of the Transportation Test Center to private

sector control which has increased railroad industry use of the facility and reduced our costs for needed tests.

SENATOR ANDREWS: The major change in your R&D program is a doubling of work on Track and Components (program level \$825,000 to \$1,738,000). Given the decline in track-caused accidents, and the near completion of development of track performance standards, why have you chosen to emphasize this area?

ANSWER: Although accidents have declined over the last several years, track-caused accidents remain the predominant cause. We believe we can make considerable improvement in these safety statistics through additional research efforts. The completion of specifications for track performance safety standards is expected to occur early in FY 1987. The Track and Components subprogram is designed to implement those performance standards. Before performance standards are fully implemented, track degradation rates, endurance limits, and a predicted range of vehicle dynamic responses need to be fully verified in the field. This information is needed to establish inspection requirements, strategies, and compliance actions for achieving safe operations in various operating environments. To obtain this data, extensive tests will be performed at the Transportation Test Center (TTC). TTC is uniquely qualified for testing rail defects, lateral track stability and vehicle-track interaction because test data can be obtained there, with trains operating at safety limits, without jeopardizing revenue service operations or the public.

SENATOR ANDREWS: Please describe in greater detail what you propose to do in this area?

ANSWER: The track performance safety standards will describe thresholds or limits beyond which the risk of accidents become unacceptable. Information requirements unavoidably related to these standards are understanding how fast things change from tolerable to unacceptable and when to intervene with remedial action. The Track and Components subprogram will evaluate rates at which various types of rail flaws occur and grow, what the rail flaw inspection frequency must be to keep the defect population within bounds, and how flaw behavior is affected by high or low cumulative traffic, track geometry irregularities and the presence of tensile longitudinal forces in the rails.

In addition to looking at rail deterioration, studies will be made of the effects of track geometry variation on rail car response. For example, vehicle-track interaction performance standards will have been developed on the basis of poorly performing car types. Other car types need to be evaluated to assess their safety margins and to determine the effects of various levels of freight car maintenance and wear on safety margins. In addition, verification of the effects of train operations on the propensity of the track to buckle will be conducted.

SENATOR ANDREWS: One of the two testing areas described seeks to "evaluate the cause and rate of rail deterioration as affected by tonnage, lubrication, support conditions and temperature variations". Isn't rail wear primarily an economic, not a safety issue? It seems akin to automobile tire tread wear, perhaps expensive but not a safety concern until the tread wears to a certain minimum thickness, when it should be replaced. Why is this area pursued?

ANSWER: Rail wear is a significant economic issue for the railroads. As one investigates ways to reduce wear--lubrication for example--one finds that rail fatigue failures tend to increase.

Decreased safety is the result. In addition, research shows that as tonnage is increased--a continuing trend in the industry--the rate of rail fatigue failures also increases. The factors affecting these failures need to be assessed to permit more rational rail flaw inspection requirements. Temperature variations, for example, can result in tensile stresses that may accelerate crack growth. These effects need to be quantified to insure adequate safety margins under changing industry operations.

SENATOR ANDREWS: What percentage of FRA's total research and development effort is offset by private contributions?

ANSWER: Approximately one-fourth of the total need is received from private sector sources. In FY 1986, we estimate that \$5,300,000 will be received from non-Federal sources through direct funding, use of equipment, and services-in-kind.

SENATOR ANDREWS: Has FRA done any cost-benefit analysis on the amount of funds expended on its efforts that become direct efficiency gains for private industry?

ANSWER: Not specifically, because it is difficult to quantitatively assess the material benefit of safety R&D in which we are not producing a tangible product. We can note that the significant reduction in railroad accidents, particularly those involving hazardous materials, attests to the success of our safety research that forms the foundation for rulemaking, and, in many instances, voluntary acceptance and implementation of research recommendations. We do know that the material cost of railroad accidents has effectively been reduced over the last several years. Personal injury or lives saved as a result of our collective industry and Government safety efforts is a price that is immeasurable. Realistically, we cannot estimate what part of this improvement is attributable to R&D and what part is due to the overall economic recovery of the railroads.

SENATOR ANDREWS: Does FRA have any procedure that could assess the amount of Federal funds expended that could be or should be absorbed by private industry?

ANSWER: We look at this issue regularly as an integral part of our Cost Avoidance, Reduction and Efficiency program. This process (CARE) was instrumental in producing the savings previously described. Basically, the criteria we use are: (1) is the research aimed at those major safety concerns where there is insufficient "market" incentive for adequate private sector investment in technology to produce the needed solutions within a reasonable time period; (2) is the initiation and progression of the research necessary to enable FRA, in a credible, factual manner, to fully evaluate regulatory issues, proposals, industry petitions, and to technically support Federal enforcement of railroad safety rules and other special investigations; and (3) is the research primarily oriented to uncovering potential safety problems far enough in advance to preclude the inadvertent emergence of unacceptable catastrophic risks to the public and railroad employees as a result of changing trends in equipment developments, maintenance practices, or operating practices.

SENATOR ANDREWS: Given the railroads current financial health, do you believe they could or should bear more of the costs of the R&D budget?

ANSWER: We believe that the level of support now being received from the railroads and the direct research being conducted by the railroads, suppliers, and industry associations is appropriate.

Our need to provide independent assessments to insure the public safety requires a careful balance between cooperative and independent efforts. Past measures to restructure and reduce the FRA R&D program scope reflect the change in the industry's financial health. At the same time, the Association of American Railroads (AAR) Research and Test budget has increased over recent years, as they picked up the economically related research (energy, equipment utilization, process control) when Federal efforts in these areas were dropped. The AAR has also hired marketing personnel to attract more commercial R&D business to the Transportation Test Center.

SENATOR ANDREWS: How much does private industry spend in R&D safety research? Is their work duplicative of FRA's?

ANSWER: The Association of American Railroads (AAR) will spend directly \$328,000 on employee safety research in calendar year 1985. Of course, many other AAR-sponsored research programs will have a safety benefit associated with their costs. For example, the AAR includes some hazardous materials research under the category of environmental research; in the industry and technical support category, the AAR includes hazardous materials-spills training and special projects involving transportation of radioactive wastes.

Through our participation on the AAR Research Committee, as well as other more specialized AAR committees, we are able to remain aware of all aspects of safety research being done by the railroads. In those instances where it is appropriate, we collaborate on specific research work, but where we have to maintain an independent perspective, we do so.

RULEMAKING

SENATOR ANDREWS: What rulemakings does the FRA have outstanding? When do you expect to have findings for each, or when do you expect to issue your ruling? (Please list and briefly describe the area and status of the rulemaking.)

ANSWER: 1. Control of Alcohol and Drug Use -- On June 12, 1984, FRA issued a notice of proposed rulemaking relating to the use of alcohol and drug use by railroad employees. In July and August 1984 FRA held a series of hearing on the NPRM in Denver, Chicago, New Orleans, Washington, D.C., and Arlington, Va. The comment period closed on August 15. We expect to issue a final rule sometime in 1985.

2. Freight Car Standards -- On June 22, 1984, FRA issued a notice of proposed rulemaking proposing to modify its thermal abuse criteria for railroad car wheels. Hearings were held in July 1984 and January 1985. We anticipate issuing a final rule within the next several weeks on the question of whether discoloration on either side of a wheel should continue to define a defective wheel. We plan to hold a hearing in April 1985 on the underlying scientific validity of discoloration as an indicator of thermal abuse.

3. Rail-Highway Grade Crossings -- FRA initiated a safety inquiry on grade crossing safety in 1984, holding hearings in July 1984 and January 1985. Grade crossing accidents account for an extremely high percentage of rail related fatalities. FRA's inquiry is designed to determine what actions may be called for to address this problem.

SENATOR ANDREWS: Will the FRA be coming out with any other advance notices of proposed rulemaking(s)? (Please list, describe and give applicable dates.)

ANSWER: 1. Power Brake Rules -- We anticipate issuing an ANPRM within the near future establishing a docket under which we will address the issue of whether a telemetry device may be used in lieu of a caboose gauge for measuring train air pressure. We have authorized six railroads to run specified trains with such devices in order to develop data that will assist us in making this determination, and we plan to hold a hearing on the ANPRM on or about July 16, 1985.

2. Rear Marker Rules -- We will issue an NPRM within the next several weeks proposing to expand the population of railroad employees that may inspect rear end marker devices to assure that they are in operating condition.

3. Blue Signal Rules -- We will issue an ANPRM within the next several weeks proposing to explore blue signal issues that arise in light of the contemplated changes to the rear marker rules.

4. Hazardous Materials Regulations -- Given the trend toward removal of cabooses, we are analyzing the need for a change to the hazardous materials car placement rules. The issue is whether such cars should be permitted, as the current rules do, to be placed at the rear of a train.

5. Rail Movement of Hazardous Materials in Intermodal Tanks -- We anticipate issuing, with RSPA, within the near future an ANPRM under which we will investigate the safety implications of permitting the use of certain intermodal tanks to carry hazardous materials in trailer-in-flat-car (TOFC) or container-on-flat-car (COFC) service.

6. Locomotive Cab Safety Standards -- We plan to issue a notice of safety inquiry on this issue in June 1985.

7. Communications -- We intend to begin a safety inquiry into the safety issues relating to the use of radios in railroad operations during 1985.

EMERGING CORRIDOR FUNDS

SENATOR ANDREWS: Is \$800,000 still available (unobligated) under the high speed rail-emerging corridor funds? (If not, where were the funds used)?

ANSWER: Of the \$800,000 in unobligated funds still outstanding, \$740,000 was recently committed to the following four studies:

<u>RECIPIENT</u>	<u>AMOUNT</u>	<u>PURPOSE</u>
Ohio Dept. of Transportation	\$125,000	Reaffirm or negate the financial viability of high speed rail passenger corridors in Ohio, as found in previous work.
Railroad Commission of Texas	\$375,000	Examine the financial viability and possible design of high speed rail in the Dallas/Ft. Worth - Houston - San Antonio corridor.
Missouri Highway and Transportation Commission	\$100,000	Study the possibilities of upgrading existing St. Louis-Kansas City rail service either to full 79 MPH service or to 125 MPH high speed service over dedicated right-of-way.
Pennsylvania High Speed Intercity Rail Passenger Commission	\$140,000	Continue study of feasibility of high speed rail between Philadelphia. FRA had previously granted the Commission \$200,000 toward the study.

SENATOR ANDREWS: Does the FRA have any plans for these funds during the rest of FY 1985 or in FY 1986?

ANSWER: The remaining \$60,000 in uncommitted Emerging Corridor funds represent a reserve which can be used to fund small additional studies by current grant recipients, or which can be granted to Amtrak to study route extensions that the Department thinks may have high potential to be profitable. There is insufficient funding for a major new high speed rail corridor study.

SENATOR ANDREWS: Are there applications before FRA for grants in this area? If so, please list, describe and provide the amounts requested.

ANSWER: There are currently no additional applications before FRA. We have made determinations on all applications we have received, and we have communicated our decisions to the applicants and to public officials who have expressed an interest in each application.

OFFICE OF ADMINISTRATION

SENATOR ANDREWS: What amount of resources (dollars and personnel) is spent on filings before the Interstate Commerce Commission?

ANSWER: The Office of Policy and the Office of the Chief Counsel have primary responsibility for FRA participation in ICC filings. In FY 1984, professional staff resources expended for regulatory filings were approximately 2.70 full time equivalents (FTE's); we anticipate that that level will also hold true for 1985. Additionally, in FY 1984, about 1.30 FTE's were expended in the merger proceeding involving CSX control of American Commercial Lines. In FY 1985, we anticipate that about 1.50 FTE's will be expended for the Southern Pacific - Santa Fe merger. In FY 1984, we spent \$84,000 in ADP services to support regulatory filings and the CSX-ACL merger work. In FY 1985, that level will be approximately \$104,000.

SENATOR ANDREWS: What were the major Departmental filings before the ICC in Fiscal Year 1984, 1985 to date and expected by the end of 1985?

ANSWER: The Department participated in the following ICC proceedings:
FY 1984:

1. Ex Parte No. 447 Petition to Delay Application of Direct Connector Requirement to Joint Rail Rates in General Increases, October 1983.
2. Ex Parte 347 (Sub-No. 1) Coal Rate Guidelines--Nationwide, Draft Environmental Impact Statement, November 1983.
3. Ex Parte 346 (Sub-No. 18) Exemption from Regulation - Poultry, Meat and Dairy Products, November 1983.
4. Finance Docket 30214 Railroad Car Service and Car Hire Pooling Agreement. Reply Verified Statement, January 1984, Verified Statement August 1984.
5. F.D. 30300 CSX Corporation - Control - American Commercial Lines, Inc. Preliminary Comments, January 1984; Verified Statement, March 1984; Brief, June 1984 and Oral Arguments, June 1984.
6. F.D. 28640 (Sub-No. 9) Chicago, Milwaukee, St. Paul and Pacific Railroad Company-Reorganization-Acquisition by Grand Trunk Corp. Comments April 1984, Brief June 1984.

FY 1985:

1. Ex Parte No. 347 (Sub-No. 1) Coal Rate Guidelines--Nationwide, Oral Arguments, October 1984.
2. F.D. 30500 Norfolk Southern Corp. - Control - North American Van Lines, Inc. Preliminary Comments, October 1984; Brief, January 1985; Reply Brief, January 1985.
3. Ex Parte No. 346 (Sub-No. 19) Boxcar Car Hire and Car Service, November 1984.
4. Ex Parte No. 290 (Sub-No. 4) Railroad Cost Recovery Procedures: Productivity Adjustments, February 1985.
5. F.D. 30400 Santa Fe Southern Pacific Corporation - Control - Southern Pacific Trans. Corp.; Merger - Atchison Topeka & Santa Fe Railway Co. and Southern Pacific Trans. Company. Preliminary Comments, June 1984, Verified Statement, March 1985.

6. Ex Parte No. 274 (Sub-No. 13) Rail Abandonments--
Use of Rights-of-Way as Trails, March 1985.

Anticipated for FY 85:

1. F.D. No. 30400 - Santa Fe Southern Pacific Corporation - Control - Southern Pacific Trans. Corp. - Merger - Atchison Topeka & Santa Fe Railway Co. and Southern Pacific Trans. Company. Brief (September 1985).
2. Comments on proposed changes to joint rate regulations, market dominance regulations.

SENATOR ANDREWS: What amount of resources (dollars and personnel) were spent in assistance provided to the Justice Department for fiscal year 1984, estimated for fiscal year 1985 and projected for fiscal year 1986?

ANSWER: In fiscal 1984, FRA spent about 0.65 person-year or \$32,000 in assistance provided to DOJ. In fiscal 1985, FRA estimates that 1.43 person-years or about \$75,000 would be spent in assistance to DOJ. FRA's projection for fiscal 1986 is 1.05 of a person-year or about \$52,000.

SENATOR ANDREWS: Please list the Justice cases assisted on or the amount budgeted for, for each of the fiscal years 1984, 1985 and 1986 (by case).

ANSWER: The following is a list of cases on which FRA provided assistance to the Justice Department during fiscal years 1984-1986. It is noted that individual cases are not budgeted for separately; nor does FRA keep track of the time spent on individual cases by all attorneys and staff personnel.

<u>Case</u>	<u>Issues</u>	<u>Status</u>
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SAFETY LITIGATION

I. Carmen Cases

Brotherhood Railway
Carmen v. Dole
 (S.D. Cal.),
 filed April 28, 1983

Whether trainmen are "qualified" to do initial terminal air test; whether FRA is properly enforcing the safety laws.

Emergency order (EO) and preliminary injunction (PI) 5/20/83. Other claims dismissed for lack of standing and, alternatively, summary judgement (SJ) on the merits granted to FRA, 2/23/84. Notice of appeal filed 3/15/84. Briefs filed in July and August 1984. Oral argument indefinitely postponed until another 9th Cir. panel decides the appeal in the Railroad Labor Executives' Association v. Dole.

Brotherhood Railway
Carmen v. Dole
(E.D. Wash.),
filed July 21, 1983

"

EO and PI denied
8/26/83. Answer
filed 9/19/83.

Brotherhood Railway
Carmen v. Dole
(E.D. Ky.),
filed July 18, 1983

"

FRA motion for
dismissal and/or
(SJ) filed
12/1/83.
Opposition filed
1/10/84. FRA reply
filed 2/10/84.

Brotherhood Railway
Carmen v. Dole
(S.D. Ohio),
filed July 11, 1983

"

FRA motion for
dismissal and/or
SJ filed 3/30/84.
Opposition filed
5/9/84. FRA reply filed
5/29/84.

Brotherhood Railway
Carmen v. Dole
(S.D. Tex.),
filed July 11, 1983

"

Answer filed 9/19/83.
Stipulation of
dismissal filed on
2/20/85.

Brotherhood Railway
Carmen v. Dole
(N.D. Ill.),
filed June 26, 1984

"

Answer filed 9/20/84.
Dispositive motion
3/1/85. Plaintiffs'
opposition due
3/22/85; FRA's reply
due 3/29/85; court
will rule by 4/23/85.

II. Sleeping Quarters Cases

United Transportation
Union v. Dole
(W.D. Tex.),
filed March 5, 1984

Whether quarters
are clean, safe,
and sanitary under
statute (noise,
proximity to
switching,
building code
violations).

Answer filed 5/28/84.
FRA investigated
informal complaints in
summer of 1983, and
found no violations.
Settlement agreement
filed with court in
11/84. Judge entered
order dismissing suit
without prejudice
11/16/84.

United Transportation
Union v. Dole
(D. Kan.),
filed July 11, 1983

Whether
rehabilitation
and use of
"grandfathered"
quarters located
within 1/2 mile
of switching
violates statute
and regulations.

Trial held on 9/17
and 9/18/84.
Judge entered order
dismissing complaint
and ruling for FRA
on all issues on
10/23/84. Notice
of appeal filed
1/18/85.

	Whether quarters are clean, safe, and sanitary under statute.	
<u>Brotherhood of Locomotive Engineers v. Dole</u> (D. Nev.), filed Dec. 5, 1984	Whether sleeping quarters are illegally located within 1/2 mile of switching of haz mats.	Answer filed 1/29/85. Opposition to PI motion filed 12/18/84. PI hearing held on 3/4/85; awaiting ruling.
<u>United Transportation Union v. Dole</u> (N.D. Ill.), filed July 11, 1983	Whether lodging of new employees in the "grandfathered" quarters within 1/2 mile of switching violates statute and regulation.	Answer filed 9/8/83. FRA investigated informal complaints in summer and fall 1983, and found no violations. Settlement agreement approved by court and case dismissed 6/1/84.
	Whether quarters are clean, safe, and sanitary.	
<u>United Transportation Union v. Dole</u> (S.D. Ala., 11th Cir.), filed October 1981	Whether crew sleeping quarters are clean, safe, and sanitary.	District court decision reported at 699 F.2d 1109. On 3/11/83, the 11th Circuit reversed the lower court's ruling that employee sleeping quarters are not a proper subject for (EO) and remanded for a trial on the merits. Pursuant to a joint stipulation, the case was dismissed without prejudice on 12/19/83.
III. Other Safety Cases		
<u>Railroad Labor Executives' Association v. Dole</u> (D. Ore.), filed April 28, 1983	Whether FRA is properly enforcing safety laws. Whether FRA has prosecutorial discretion.	Dismissed for lack of standing 11/3/83. Appeal docketed and briefs filed. Oral argument heard on 9/5/84.
<u>Southern Railway v. Riley</u> (N.D. Ga.), filed Oct. 2, 1984	Whether Southern "knowingly" violated Hazardous Materials Transportation Act regulations.	Answer filed 12/3/84. Preliminary statement filed 2/19/85. SJ motions due 4/15 and replies 4/30.

NON-SAFETY RAILROAD

U.S. v. The
Trustee of
Milwaukee
(N.D. Ill.),
filed April 1, 1985

Right of Trustee
to assign debt
obligation, and
right of U.S. to
accelerated
payment

New Action

U. S. v. Milwaukee
(N.D. Ill.),
filed Feb. 19, 1985

District Court was
wrong (A) permitting
trustee to assign
his financial
obligation to U.S.,
and (B) discharging
trustee vis a vis the
U.S. outside of a plan
of reorganization.

New Appeal

United States v.
Penn Central
(E. D. PA.),
filed Jan. 1, 1978

Penn Central is
liable to U.S. for
\$22.3 million in
misused financial
assistance extended
under Section 215
of 3-R Act, as
amended.

Liability portion
of the case has
been briefed and
argued.

U.S. v.
Buswall
(D. Alas.),
filed May 15, 1984

Extent of U.S.'s
interest in ARR
right of way under
ALASKA Railroad Act
of 1914.

Pending

Brae Corp.
v. U. S.
(D.C. Cir.),
filed 1984

Validity of box
car deregulation

Pending in U.S.
Sup. Ct.

Demiylt v. U. S.
(D. Kan.),
filed April 20, 1984

Grade crossing
accident

Dismissed 11/9/84

D'Imperio v. Conrail
(E.D. PA),
filed June 20, 1984

Employment
Injury

Dismissed

<u>Furphy v. U.S.</u> (D.D.C.), filed Dec. 15, 1983	RIF from Federal Service violated Age Discrimination in Employment Act and Civil Service law	Pending
<u>Burkwist v. U.S.</u> (D.C. Cir.), filed March 18, 1985	Merit Systems Protection Board erred in deciding case on merits rather than remaining for additional fact finding	Pending
<u>Montana Grain Elevator Association v. U.S.</u> (D.D.C.), filed March 30, 1984	FRA properly approved Local Rail Service Assistance to State of Montana to undertake the construction of grain facility on Port of Montana	SJ in favor of FRA Aug. 31, 1984
<u>Michael Amanci v. U.S.</u> (E.D. NY), filed Jan. 1, 1984	Whether plaintiff was denied employment because of age discrimination	Government's SJ motion denied 3/8/85. No trial date set
<u>Rhode Island Association of Passengers v. U.S.</u> (D. RI.), filed August 1981	Defendant complied with the National Environmental Policy Act (NEPA) approving rail and highway improvements for Providence, RI	Dismissed with prejudice-6/14/84
<u>Naomi Bowen v. U.S.</u> (D. Alas.) filed May 1984	Defendant complied with NEPA in gravel train operations	Stipulation of dismissal argued to 3/85
<u>Alaska Survival v. United States</u> (D. Alas.), filed July 1982	Defendant complied with NEPA in implementing its vegetation maintenance prog.	Injunction issued 8/82 - Court retained jurisdiction pending completion of environmental impact statement

<u>William H. Jacobs v. U. S.</u> (D. Alas.), filed April 1984	Defendant complied with NEPA in constructing and operating a barge ramp facility	Government's motion to dismiss filed. Case pending
<u>York v. U.S.</u> (D. N.H.), filed March 1982	Liability of FRA as owner of rail bus for grade crossing accident	In discovery
<u>Thomas v. U.S.</u> (D. Alas.), filed Dec. 1983	Sex discrimination; appropriateness of RIF action; and intentional infliction of emotional distress	Discovery
<u>Neilson v. U.S.</u> (D. Alas.), filed Nov. 1984	Intentional infliction of emotional distress	Discovery
<u>Reed v. U. S.</u> (D. Alas.), filed Jan. 1985	Wrongful death grade crossing accident	Answer due 3/28/85
<u>Case v. U. S.</u> (D. Alas.), filed Dec. 1981	Grade crossing accident	Waiting trial
<u>Kahn v. U. S.</u> (D. Alas.), filed Dec. 1981	Slip & fall	Pending
<u>Harley v. U. S.</u> (D. Alas.), filed March 1984	Grade crossing accident fatality	Discovery
<u>ARR Leaseholders v. United States</u> (D. Alas.), filed June 1981	Legality of rent increases	Motion to dismiss U.S. being drafted

Baltimore
Housing
Authority v. U.S.
(D. MD),
filed June 1984

Damage to house
caused by tunnel
subsidence

Settled and dismissed

City of
Baltimore v. U.S.
(D. MD),
filed May 1984

Damages caused
by tunnel
subsidence

FRA dismissed on
motion

Inner City
Broadcasting v. U.S.
(D. D.C.),
filed May 1984

Whether the 4-R
Act gave
independent
authority for SBA
leverage funds
provided to MESBIC
by FRA

Decision for
Gov't. 1/85

Seaway Express v.
U. S., (D. Alas.),
Filed Nov. 1984

Impact of Contract
Disputes Act on
leases

Dismissed on motion

Dynallectron
Corp. v. U. S.
(D. C. Cir.),
filed Jan. 1984

Bias in contract
selection process;
damages

Decision for Gov't

Reading v. U. S.
(E.D. PA),
filed 1983

Whether the
Rdg. should
redeem an un-
secured creditor
note

Cross-motions
for SJ are
pending

<u>Burlington Northern R.R. v. Lennen</u> (S.G.), filed Dec. 1983	Whether R.R.s are entitled to relief from over-valuation of rail property under Section 306, 4R Act	Cert. denied 5/84
<u>Atchison, Topeka & Santa Fe v. Bd. of Equalization</u> (Cal.) (Cal. Cir.), filed 1985	"	DOJ filed amicus curiae brief 3/85
<u>Southern Ry. v. State Board of Equalization</u> (Ga.) (N.D.Ga.), filed 1985	"	DOJ filed opposition 1/85
<u>Keeler v. Consolidated Rail Corporation</u> (Special Ct.), filed Feb. 1982	Constitutionality of NERSA provisions preempting state full crew laws	Special Court granted SJ for U. S. and R. R. filed 3/84
<u>Railway Labor Exec. Ass'n v. U.S.</u> (Special Ct.), filed April 1982	Constitutionality of NERSA provisions repealing Title V of 3R Act (labor protection)	Special Court granted SJ for U. S. and Conrail 12/83
(Supreme Ct.) filed Jan. 1984		Cert. denied 3/84
<u>Missouri Pacific Truck Lines v. United States</u> (Ct. Cl.), filed 1979	Whether trucking subsidiaries of railroads are employers under the Railroad Retirement Tax Act	Claims Court ruled for plaintiffs. 3 Cl.Ct. 14; <u>aff'd per curiam</u> 736 F.2d 706 (Fed. Cir. 1984)
<u>Burlington Northern RR v. Cosby</u> (S.Ct.), filed Feb. 1985	Whether in a railroad merger the employees of a motor carrier subsidiary are railroad employees entitled to mandatory labor protection; and whether court of appeals exceeded its jurisdiction in granting particular relief	ICC denied relief. The Court of Appeals, 8th Cir., reversed. 741 F.2d 1077 (1984)

SENATOR ANDREWS: The budget proposes transferring \$212,000 of Rail Service Assistance unobligated balances to the Office of the Administrator. What specific activity does this money come from? Why do you believe this money is unneeded for the purpose originally appropriated?

ANSWER: The money was transferred out of prior year unobligated balances in the Administration and Special Projects Program. This was planned to be used for contractual support for activities that no longer require the level of funding initially anticipated.

RAILROAD SAFETY

SENATOR ANDREWS: Field positions for 1986 for Federal Safety Enforcement increase by six positions. This request comes after it took FRA over a year to fully staff to the safety inspector levels authorized and appropriated by this Committee. Why are these new positions needed?

ANSWER: First of all, it did not take FRA a year to staff fully its safety inspector positions. In fact, FRA had never been at fully authorized levels. Last year we instituted new initiatives designed to overcome the obstacles of hiring to FRA's fully authorized levels. Five Deputy Regional Director positions are requested to assist in the day-to-day operations of the larger, more active, FRA regions including coordination of State and Federal inspectors in these regions, planning and monitoring systemwide assessments, and developing National Inspection Plans. Active recruitment efforts have resulted in a substantial increase in FRA's enforcement staff to a current level of 370, including 320 safety inspectors and Regional Directors and 50 clerical support personnel. This is an increase of 4 inspector positions since September 30, 1984, despite a turnover of 9 inspector positions due to retirements and resignations.

In order to address the long standing concern over the use of alcohol and drugs on the railroads, FRA has undertaken a major rulemaking effort.

SENATOR ANDREWS: Why is only one safety specialist needed in the area of alcohol and drug abuse? With the promulgation of the Department's new rules in the area of drug and alcohol abuse, how does the Department expect to implement them? How much time will the existing field inspectors spend in this area?

ANSWER: The railroads will have the primary responsibility for implementing the new Federal provisions. FRA's role will be to train and monitor the railroads efforts.

This specialist will serve as a focal point and become an expert in all aspects of the alcohol and drug rule. The position will be used to train the present eight FRA operating practices specialists and railroad personnel on implementation of the rule's various provisions. As the rule becomes effective, a monitoring of the implementation and effectiveness will be performed.

The Department will sponsor several regional meetings to brief FRA and railroad personnel on implementation. FRA's eight regional offices will be instrumental in putting the rule into effect and in overseeing compliance.

The issue of alcohol and drug use is enormously complex, and FRA does not have a person on-board today who can provide the necessary expertise to help train safety inspectors in the area of alcohol and drug abuse on the railroads. The individual will also be used to assist in evaluating carrier programs now in place to prevent alcohol and drug accidents. We do not believe that this position should replace existing safety staff responsibilities and therefore are requesting the additional position.

SENATOR ANDREWS: The budget proposes transferring \$201,000 of Rail Service Assistance unobligated balances to the Office of Railroad Safety. What specific activity does this money come from? Why do you believe this money is unneeded for the purpose originally appropriated?

ANSWER: The money was transferred out of prior year unobligated balances in the Administration and Special Projects Program. This was planned to be used for contractual support for activities that no longer require the level of funding initially anticipated.

SENATOR ANDREWS: The FRA budget requests \$1.2 million for the Automated Track Inspection Program (ATIP). Are there unobligated balances from prior years' appropriations that will also be used for this activity?

ANSWER: The self-propelled track geometry inspection vehicle known as T-10 will be used to survey approximately 25,000 miles of track in FY 1986. Based on FRA's newly negotiated contract for the operation and maintenance of the T-10 vehicle, we now estimated that \$800,000 of FY 1985 unobligated funds will be available to assist in funding FRA's Automated Track Inspection Program in FY 1986.

SENATOR ANDREWS: In the ATIP activity, how much is expended for the storage of a set of vehicles in Philadelphia? What is the likely disposition of these vehicles? When will the disposition be decided?

ANSWER: There are no ATIP vehicles stored in Philadelphia. The consists which were licensed to Conrail (T1/T3) and Amtrak (T2/T4) have been returned to FRA. T1/T3 is now licensed to Guilford Transportation Industries and T2/T4 is stored at the Belvoir Military Reservation in Virginia at no cost to FRA. These two vehicles will be excessed, if not leased or sold, after Fiscal Year 1985.

SENATOR ANDREWS: What revenue is realized from the licensing agreement with Guilford Industries on the transferred vehicles? Does this cover FRA's costs for those vehicles?

ANSWER: The FRA leased two track geometry measurement vehicles (T-1/3) to Guilford Transportation Industries for a one year period ending June 1, 1985. FRA does not charge Guilford for the use of the vehicles, but Guilford is responsible for the cost of operating and maintaining the vehicles. If Guilford performs track surveys for another railroad they may charge other railroads a usage fee to recover a proportionate share of the annual administration and maintenance cost of the vehicles. As conditions of the licensing agreement, Guilford must make the track survey data available to FRA and, upon termination of the

agreement, is required to pay for any damage to the vehicles other than normal wear and tear.

SENATOR ANDREWS: How many miles will the final ATIP vehicles (the T-10) survey in Fiscal Year 1986? What are the costs associated with the T-10 inspection scheduled for January 1986?

ANSWER: FRA estimates T-10 will inspect approximately 25,000 miles in both FY 1985 and FY 1986 at a cost of approximately \$48 per mile each year.

The self-propelled track geometry inspection vehicle known as T-10 will be used to survey approximately 25,000 miles of track in FY 1986. The vehicle is scheduled for a thorough locomotive inspection in January 1986 and may require extensive maintenance expenses. The total estimated operation and maintenance costs for FY 1986 are \$1.2 million. The \$1.2 million is included in FRA's budget request for FY 1986.

RAIL SERVICE ASSISTANCE

SENATOR ANDREWS: Why did the average GS grade in Rail Service Assistance jump from 11.7 to 13.4?

ANSWER: This account will lose 20 of its positions in FY 1986. It is anticipated that the more senior, higher-graded employees will be retained and that the junior, lower-graded personnel will move to other agencies and these positions will be eliminated. Also contributing to the higher level is the transfer of 7 high level positions to this account previously funded under the Northeast Corridor Improvement Program.

SENATOR ANDREWS: The average GS salary in this area is \$48,559. Why are such high level employees necessary in this area?

ANSWER: The average salary is anticipated to be due to junior level employees leaving. Senior level employees have been needed in this area to manage and evaluate the complex programs.

SENATOR ANDREWS: Eight positions related to Amtrak monitoring and four positions related to the Local Rail Service Assistance Program were eliminated since funding for these programs is eliminated. Would these positions have to be restored if the funding for the programs were restored?

ANSWER: Yes. With respect to Amtrak, unless the Department is removed from any oversight role, the 8 FRA positions are required to develop and review Amtrak budget submissions and plans, monitor Amtrak routes, financial and operating performance and capital programs, provide the Administration and Congress with an independent assessment of Amtrak operating and capital needs, and provide staff support to the Secretary on the Amtrak Board. Amtrak staff is also responsible for the Department's Emerging Corridor High Speed Rail Grants and for monitoring high speed rail developments throughout the Nation.

With respect to LRSA, the number of existing grants continues to increase resulting in a growing demand for oversight of the work and financial disbursements. As states' priorities change and as actual costs of work vary from estimates in grant agreements, states

seek modifications of existing grants to reallocate resources to other projects within the same grant. Further, FRA has accumulated a backlog of over 480 grants yet to be closed out. The prioritization of limited resources has necessitated that we concentrate on new applications and control of work in progress. In addition, in order to be more responsive to state disbursement needs and at the same time gain greater control over the disbursement of Federal funds (i.e., in advance of actual need) the Department of Treasury now requires FRA to take action on a daily basis approving or disapproving electronic transfer drawdown requests. As a result, additional staff is needed just to provide for the disbursement of funds. The four positions are required for FRA to be responsive to state needs while administering the program in a responsible manner.

Another four positions were eliminated because we did not seek funding for the labor-management program. The same need would exist if that program is restored.

RAIL ABANDONMENTS

SENATOR ANDREWS: Last year FRA stated in FY 1985 appropriations hearings that a major area of emphasis in FRA is rail restructuring. As a part of this emphasis, FRA had created a small "strike force" to help shippers and communities deal with the impact of light density line abandonments. In addition, FRA provides funds to states to acquire and rehabilitate abandoned rail lines through its Local Rail Service Assistance Program. Again as in FY 1985 the Administration is apparently seeking to eliminate this program. What is the Administration's policy with regard to the need for this type of assistance? Are there many communities and shippers that require this type of assistance?

ANSWER: Because of the need to reduce the Federal deficit, we must eliminate programs, such as the Local Rail Service Assistance (LRSA) Program, that address local problems which are more appropriately the responsibility of state and local governments. Consistent with this, states with the most significant rail abandonment problems have their own independently financed assistance programs. At the same time, we are very concerned about helping shippers and local communities, particularly those in states without active rail programs. Our experience under the LRSA Program is that the key to ensuring continued local rail service is the financial commitment of the shippers and local communities. Therefore, I believe the appropriate Federal role is to provide shippers and local communities with technical assistance regarding the development of private-sector financing packages and service alternatives.

SENATORS ANDREWS: How effective has the assistance provided been? How many shippers, communities, etc. have been assisted and what kinds of assistance have been provided by the "Strike Force"? How many staff persons have been assigned to this activity? Has there been a great demand for the services of this group? Does DOT expect to expand this assistance in FY 1986?

ANSWER: Overall, I believe the LRSA Program has been very effective in helping states address the localized adverse effects of the restructuring of the rail industry that has occurred since the early 1970's. I am also convinced, however, that the key determinant in preserving rail service has been the commitment of communities and shippers--not the commitment of Federal funds. That

is why FRA is developing its Community and Shipper Assistance Strike Force.

With LRSA and Title V financial assistance programs still in place, meritorious projects and projects of state importance continue to progress through the LRSA mechanisms in state DOT's and through the Title V application process. Although Strike Force Staff has participated in some of these projects, its efforts have concentrated in other areas. The Staff has been defining the areas where assistance will be needed when Federal financial assistance is eliminated and developing the information necessary to provide this assistance. The Staff has undertaken several diverse projects, specifically reviewing energy related transportation issues in northwestern New Mexico and providing advice to developers of shortline operations in South Carolina, California and Oregon. The Staff has also received several inquiries on the availability of assistance from shippers and communities on referral from or through their Congressional representatives. Most of these inquiries have been last attempts to forestall abandonment of rail lines with little or no future and the Staff assistance has been limited to explaining this and the abandonment process. During this transition period, the employee commitment to the Staff has been less than one person year, primarily involving an employee who has related responsibilities for the section 401 program, and other staff responsibilities in the Office of Passenger and Freight Services. As LRSA and Title V are phased out, I expect the demand for strike force assistance will increase.

SENATOR ANDREWS: Service issues are very important for shippers on light density lines: what does FRA do for this group?

ANSWER: FRA's efforts have been directed towards keeping rail lines in operation through financial assistance to assist in acquisition and/or rehabilitation of light density lines. The question of whether the specific aspects of this service such as frequency or availability of cars are adequate to meet the rail service customer's needs is really a question of whether the carrier is meeting its common carrier obligations. Action on complaints of this nature is the exclusive responsibility of the Interstate Commerce Commission.

SENATOR ANDREWS: The ICC operates an Office of Special Counsel to assist small communities and small shippers, public utility commissions, owner-operators, etc. This ICC unit assists parties in effectively presenting their position in ICC proceedings. A major portion of their work has been in providing assistance to protestors on rail abandonment proceedings. According to the ICC's Special Counsel, his office has assisted hundreds of groups and individuals in preparing written and oral testimony before the ICC on rail abandonments. Do the activities of these two staffs duplicate each other? Is there a need for ICC and DOT to coordinate their assistance activities concerning rail abandonment?

ANSWER: FRA's Strike Force and ICC's Special Counsel have different responsibilities and play different roles in the railroad rationalization process. The Special Counsel is primarily concerned with assisting communities and shippers to oppose abandonments and thereby retain service by the large Class I rail carrier. FRA's assistance is primarily directed towards assisting communities and shippers address the various transportation issues involved with the loss of service by the Class I carrier. This assistance may occur

prior to any involvement by the ICC, such as in section 401 conferences covering possible transfer of portions of marginal lines between carriers, or discussions with communities and shippers that wish to acquire a light density line prior to its abandonment to insure better service or continued operation. In instances where these efforts are successful the adversarial relationships requiring the Special Counsel's involvement do not occur. FRA's assistance is also available after the ICC process to help the communities and shippers find solutions to the problems arising from the ICC's approval of an abandonment application. FRA's Strike Force maintains informal contact with a number of offices of the ICC, including the Special Counsel, and to date I believe that this coordination has been adequate.

AMTRAK SERVICES

SENATOR ANDREWS: Do you expect that Amtrak could operate any of its routes if all Federal subsidies are eliminated?

ANSWER: Presently, some parts of the Amtrak system, such as the Northeast Corridor, cover their short-term avoidable costs. No routes, however, cover added infrastructure or fully allocated costs. Unless radical cost cutting measures were instituted and State or local support were found, Amtrak could not operate any of its routes if all Federal subsidies were eliminated.

SENATOR ANDREWS: Which, if any, train routes would be continued?

ANSWER: If any routes were to be continued, they could only be continued with State subsidies and with the economies I recommended in my testimony. The Northeast Corridor routes are the most likely to be continued. These routes generate more than half the riders on Amtrak. They are the most important revenue generators, the most important routes to commuter agencies, and the only routes that might be closed to freight service if Amtrak entered bankruptcy.

SENATOR ANDREWS: Would service cutbacks need to be made on any of the routes that would remain?

ANSWER: The number or level of cutbacks in intercity service that would be made will depend on the level of subsidy the States are willing to provide.

SENATOR ANDREWS: For any routes that would be abandoned, what are the major types of expenses that Amtrak would continue to incur for such items as long-term leases? How much in potential costs are involved?

ANSWER: The major residual expense on any route abandonment would be labor protection which can continue full salary and benefits for up to six years. Amtrak has estimated the cost of labor protection in the event of total Amtrak shutdown to be on the order of \$2.1 billion. Amtrak leases certain items of equipment under capital leasing arrangements. The present value of maximum lease payments at the end of FY 84 was \$13.1 million. Also, Amtrak was obligated for \$52.8

million of minimum rental payments for operating leases that have initial or noncancellable lease terms in excess of one year.

MARKET VALUE

SENATOR ANDREWS: What is the approximate fair market value of Amtrak's assets?

ANSWER: The book value of Amtrak's assets totalled over \$3 billion at the end of FY 1984. The FRA has not performed a net liquidation value analysis of Amtrak's assets. The actual value will ultimately be determined by the potential user of the assets equipment and, cannot be known until the assets are made available for bids.

SENATOR ANDREWS: Has a contingency plan been developed for liquidating the assets that would no longer be needed if service is curtailed?

ANSWER: In the event of an Amtrak bankruptcy, a trustee would be appointed to safeguard the estate and manage any dispositions of assets. It would be up to the trustee to develop plans of reorganization or liquidation.

SENATOR ANDREWS: With the abrupt elimination of all Federal subsidies, what would be done with the equipment and facilities that the Federal Government has funded in the past?

ANSWER: The assets of Amtrak would be handled by a trustee appointed by a bankruptcy court. The Department, by virtue of the Government's lien on Amtrak's assets, will do all that is possible to preserve those assets that are seen as useful to State and local governments or private entities for operating rail transportation.

PRIVATIZATION

SENATOR ANDREWS: The Administration has said that private companies would take over some routes, like the service that operates between Washington and New York. Does the Administration have any plans for obtaining private sector involvement in operating passenger train service? What have you done to date? Any takers?

ANSWER: I have held a meeting with Northeast Corridor states to discuss arrangements for the continuation of rail passenger service. We have begun to define and discuss the options and we plan to continue these discussions with other states. Topics of discussion include ways of funding Amtrak itself, increased payments for 403(b) trains and for use of the Northeast Corridor by commuter trains, other operating agents in the absence of Amtrak, sources of tax revenue, interest in continuation of specific trains, their revenues, costs, and cost reduction opportunities. The Secretary made it a point to emphasize that Amtrak could not survive entirely as a private entity. However, I expect there could be an expansion of the present private sector participation through joint development projects, charters and train tours, communications easements, and freight trackage rights.

SENATOR ANDREWS: What, if any, plans does the Administration have for providing for the transfer of train equipment and facilities to the private sector?

ANSWER: The assets of Amtrak would be handled by a trustee appointed by the bankruptcy court. The Department, by virtue of the Government's lien on Amtrak's assets, will do all that is possible to preserve those assets that are seen as useful to State and local governments or private entities for operating rail transportation.

SENATOR ANDREWS: What economies, if any, can the private sector achieve that have not or could not be achieved by Amtrak that would allow the private sector to operate some services at a profit?

ANSWER: In my testimony before your committee, I discussed economies that could save Amtrak over \$200 million per year, including a more equitable sharing by commuter and freight railroads of Northeast Corridor operating costs, increased payments for 403(b) trains by the States applying Northeast Corridor and Auto Train work rules to the entire Amtrak system, a wage freeze, and even the elimination of certain services such as sleepers and diners. I do not believe that a private organization could, by itself, run rail passenger service at a profit. However, a new private organization, with State support, could start from scratch in negotiating labor contracts and other agreements on more favorable terms than Amtrak in order to achieve cost savings, once it became clear that the alternative was no service at all.

LABOR PROTECTION

SENATOR ANDREWS: If Federal subsidies are eliminated, how much do you expect that Amtrak will incur in labor protection costs for employees who are laid off?

ANSWER: Amtrak has estimated that the cost of labor protection under current agreements would be about \$2.1 billion. In the event that States and local entities do not continue any Amtrak service whatsoever, then Amtrak's estimate is reasonable. Changing labor protection provisions, however, could reduce that figure substantially. For example, using the Conrail labor protection provisions where every employee would be given a lump sum payment of \$20,000 upon separation, Amtrak's labor protection costs could be cut to less than \$500 million, one quarter of the current estimate.

SENATOR ANDREWS: If Amtrak were to cease operations, would it have enough funds to pay the labor protection costs to those who are laid off?

ANSWER: Some of Amtrak's services are important enough to the economies of state and local governments that they might opt to continue them, thereby absorbing some of the workers and reducing such costs. Much of course depends on the value of labor protection costs to be paid. Changing labor protection provisions could reduce Amtrak's current estimate of \$2.1 billion for labor protection (full salaries and benefits for 6 years) substantially. Amtrak's assets have a 1984 book value of \$3.6 billion. We recognize that Amtrak would not receive

full book value for those assets; however, Amtrak's estimate that it would only receive a 15% scrap value (\$500 million) may be low. Certain important Amtrak assets, notably the Northeast Corridor and Amtrak's shops and other facilities, would have substantially more than scrap value to commuter and freight railroads and other ground transportation and communication carriers. Exactly what the market value of Amtrak's assets would be is impossible to determine without actually selling them.

SENATOR ANDREWS: If Amtrak would not have sufficient funds, would the Federal Government be liable for paying the balance of the labor protection costs?

ANSWER: The Department firmly believes that the original Congressional action to establish Amtrak as a separate and independent corporation to operate rail passenger service should continue to be respected. Section 301 of the Rail Passenger Service Act (RPSA) states that Amtrak "will not be an agency or establishment of the U.S. Government." (45 U.S.C. 541). Congress long ago rejected the option of having the Federal government provide rail passenger service directly through the Department of Transportation or some other Federal agency. In addition, in section 405(c) of the RPSA, Congress--though it could have done otherwise--directed that labor protection benefits shall be provided by Amtrak. The Federal Government was not made responsible for this obligation.

That the United States has funded Amtrak's deficit and has even directed Amtrak to provide labor protection, provides no basis whatsoever for undoing the wall of separation Congress set up between Amtrak and the United States when the corporation was first established. There was simply never a legitimate expectation that the labor protection benefits were to be other than those that could be provided by the Corporation, and we see no reason why the Congress' original determination should be altered at this point.

SENATOR ANDREWS: Have you estimated the number of employees that, upon Amtrak termination, would return to Conrail, thus causing Conrail to furlough some of its employees and thus requiring Federal outlays for Section 701-severance payments?

ANSWER: Amtrak has estimated that about 1200 of their train and engine crew members have the right to join Conrail's work force upon Amtrak termination. An additional 3500 employees, members of the Brotherhood of Railway, Airline and Steamship Clerks (BRAC) and other non-operating unions also argue that they have rights to displace Conrail employees.

SENATOR ANDREWS: If you haven't examined the "bumping issue," the Committee expects the Administration to do so and report back to the Committee by June 15, 1985, on this possibility. (Also include other authorities, e.g., the Southeast Pennsylvania Transit Authority that could possibly have bumping rights back to Conrail and list those authorities studied.) The Committee needs this information for an estimate of Section 701 liabilities.

ANSWER: We have examined the "bumping issue" for Amtrak employees, and have provided the information in answer to the previous question.

UNION STATION

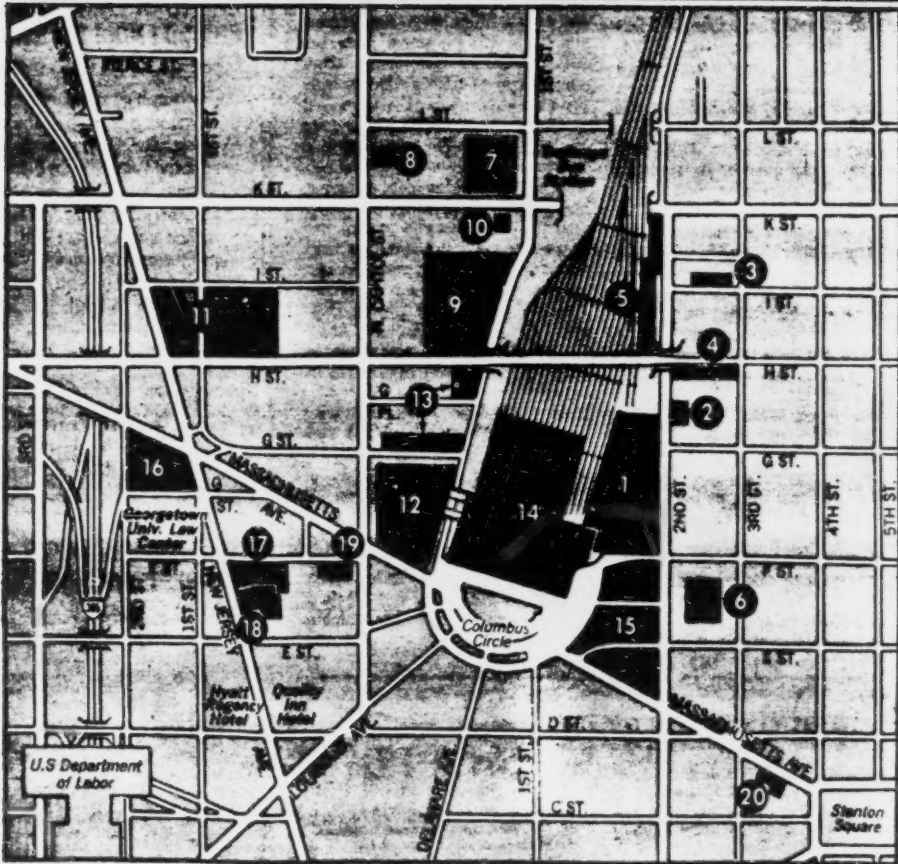
SENATOR ANDREWS: The President has proposed the total elimination of federal subsidies for Amtrak. However, the budget does provide for \$4.6 million for the rental, maintenance, operation, and security of Union Station in Washington. In view of the Administration's planned elimination of federal assistance for Amtrak, what impact will there be on the need for Union Station in Washington?

ANSWER: Relatively little for several reasons. First, there will still be a need for a train station. We expect that intercity rail service will continue to be provided in the Northeast Corridor without federal financial assistance and that the Maryland DOT commuter service to Union Station will also continue. Second, Union Station is on the National Register of Historic Places. It is a unique architectural and historical asset of the City of Washington that must be preserved. Third, as illustrated by an article in The Washington Post that I am submitting for the record, Union Station is spurring the redevelopment of the entire sector of the city surrounding it. There is tremendous commercial demand for redevelopment of Union Station that will not be affected at all by the absence of federal subsidies for Amtrak.

SENATOR ANDREWS: If Amtrak train service is severely curtailed or eliminated because of funding cutbacks, what use will be made of Union Station? What would be the cost of developing alternate uses for the station?

ANSWER: Union Station should still be redeveloped as a train station and a commercial development. If the amount of train service provided at Union Station dropped substantially the size of the train station should probably be reduced, but it should not be eliminated unless train service were totally eliminated, which we think is very unlikely. The commercial development now planned for the station would be viable even if there were no train service. The mix of retail tenants would change somewhat to meet the change in the market, but the market for high quality retail establishments at Union Station will support the planned development even if the rail passenger segment of the market is eliminated. It would probably cost about one million dollars to do another good study of alternate uses for Union Station.

DEVELOPMENT SITES AROUND UNION STATION



- | | | |
|---|--|--|
| 1. CSX Parcel | 8. Kaiser-Georgetown Clinic | 15. Three federally owned lots adjacent to Union Station |
| 2. 717 2nd St. NE | 9. Days Inn Hotel | 16. Expansion of Georgetown University Law Center |
| 3. 220 I St. NE | 10. 65 K St. | 17. Capitol Place |
| 4. H St. NE Site | 11. D.C. Vocational Education Facility for the Handicapped | 18. Sheraton Grand Hotel |
| 5. Old Railway Express Bldg. | 12. Main City Post Office | 19. Phoenix Park Hotel |
| 6. Interior of block between E, F, 2nd and 3rd Streets NE | 13. Expansion Site for Main City Post Office | 20. 317 Massachusetts Ave. NE |
| 7. Site of future Greyhound Bus Station | 14. Union Station | |

1. CSX parcel: A four-acre lot on the northwest corner of F and Second streets NE owned by CSX Corp. and under contract for sale to the development firm of Glen Urquhart and Associates. Zoning would allow high density mixed-use commercial development, including light industrial and hotel uses. City officials said Urquhart plans to build office and retail space on the site.

2. 717 Second St. NE: A new 18,000-square-foot office building built by Potomac Development Corp. Opened in late 1984 and has several tenants.

3. 220 I St. NE: Several townhouses rehabilitated into one office

building by Potomac Development Corp. Opened in 1984, contains 29,000 square feet of mixed office and retail space and has one tenant, the Dole Foundation.

4. Site on H Street between Second and Third streets NE: A parking lot along H Street recently bought by Potomac Development Corp. and to be developed sometime in the next few years. The company says it will probably be mixed office and retail space.

5. Old Railway Express Building: A 1904-vintage brick warehouse with tile roof, bought by Potomac Development Corp. in De-

ember for \$3 million. Potomac is planning to rehabilitate it into 120,000 square feet of mixed commercial and retail space, which they expected to be completed within next three or four years. In the future Potomac plans to expand the complex by building several hundred thousand square feet of office and retail space on the unused portion of the parcel.

6. Site inside the block between E and F and Second and Third streets NE: A commercially-zoned area within a block bounded on three sides by residential row houses that The Potomac Development Corp. has under contract to buy, with the idea of developing commercial or parking facilities on it later.

7. Future Greyhound bus station: A large site at the corner of K and First streets NE sold to the Greyhound Bus company for a new station. Construction has been delayed by a legal suit between the contractor and Greyhound, and it is unclear when the station will be built.

8. Kaiser Georgetown Clinic: A new building under construction on North Capitol Street north of K Street that will house a new Kaiser-Georgetown health clinic. It is expected to be completed in 1986.

9. Days Inn: A 300-room Days Inn, being built by developer Samuel Rose on a five-acre open lot at H and First streets NE. Construction will start next spring, with the opening of the hotel scheduled for summer of 1986.

10. 65 K ST. NE: A low-rise commercial building owned by Rose and adjacent to his large site. Rose said he plans to redevelop the site in the near future at a more intense use.

11. D.C. Vocational Education Facility: Construction site for a new D.C. Vocational Education Facility for the Handicapped at H Street and New Jersey Avenue. Expected to be completed in 1986.

12. Main City Post Office: Now that the Postal Service has announced that it will move the city postal operations out of the Main City Post Office building in 1988, the General Services Administration, the Architect of the Capitol and several private developers have voiced interest in using the historic building.

13. Post Office Expansion Site: Land owned by the D.C. government that the Postal Service had a contract on when it was considering expanding the facilities at the Main City Post Office. Now that the Post Office operation is going to be moved outside the area, the development rights to the land have re-

verted to the city. Considered by city officials as a prime site for private development to complement the Union Station complex.

14. Union Station: Being redeveloped into a train station and small retail and office mall with boutiques and restaurants. Expected to be completed by 1987. The city-financed parking garage behind the station is scheduled to be completed in 1986.

15. Federally owned lots: Three lots owned by the federal government which are slated to be developed in the future as office space for use by Congress. Control over what kind of building and when it would be built has been handed to the Union Station Redevelopment Corp., which may be ready to lease the land to developers later this year.

16. Georgetown University Law Center expansion: Georgetown University Law Center, at 600 New Jersey Ave., has bought most of the land in the parcel north of its present site and will start construction on an expansion of the law school next year. The new building, which will be roughly as large as their existing building, will cost about \$20 million. Dennis Ransmeier, assistant dean for administration, said the school would also spend \$7 million renovating its existing building. The expansion is expected to be completed in the summer of 1988.

17. Capitol Place: Three new office buildings built by Blum Frank & Kamins, which total 460,000 square feet of commercial space. Building one is open, and building two and three will be ready in September of 1985. A spokesman for the company said there are anchor tenants lined up for each building.

18. Sheraton Grand Hotel: A 272-room hotel at 500 New Jersey Ave. that opened two weeks ago. Developed by Blum Frank & Kamins.

19. Phoenix Park Hotel: A 84-room hotel at 525 North Capitol St., formerly known as the Commodore, and recently rehabilitated by the Carley Capital Group. It opened last winter.

20. 317 Massachusetts Ave. NE: A new 11,000-square-foot commercial building on the site of the former Bosley Dog and Cat Hospital being developed by the Stanton Square Development Corp. Kitty Kaupp, one of the three partners of the company, said that the company has also renovated three consecutive town houses on the other side of Massachusetts Avenue into office and retail space.

[The Washington Post, Saturday, Jan. 12, 1985]

UNION STATION IS NEW DEVELOPMENT HUB

By Wendy Swallow (Washington Post Staff Writer)

It may not be the West End yet, but Washington's Union Station area is fast becoming the new opportunity for pioneering developers and could be knee-deep in office buildings by the turn of the century.

More than 20 sites in the area are under construction or slated for development in the next few years, including three, or possibly four, new hotels, two educational facilities, restaurants, stores, boutiques and thousands of square feet of office space.

Long abandoned by the upscale office developers as either too industrial or too seedy, the Union Station area is now making a comeback. Developers say that the rehabilitation of Union Station into a train station and retail-office complex, and the increasing demand for office space from nearby Capitol Hill has generated much of the current interest.

"The growth in this area over the next few years is going to be phenomenal," said Don Denton, of Dale Denton Real Estate Inc.

"It may still be a little tacky over there today, but before you know it, it's going to be the place to build," said Samuel Rose, a developer and landowner who has helped organize businessmen in the area north of Union Station to help get the city to speed up road repairs and improvements.

"I think this area is going to develop faster than the old downtown [in the 7th and G streets NW area] because it is at this tremendous transportation hub and close to Capitol Hill."

The biggest and earliest projects are still in the most acceptable corner of the Union Station neighborhood, the area southwest of the train station. Developers there are commanding rents between \$25 and \$30 a square foot, similar to rents in the area east of 14th Street. But several small-scale projects are also underway east of the railroad tracks and landowners in the area north of the station are hopeful that major redevelopment will be coming in the next few years.

The centerpiece of the Union Station area revival is the station itself. The Union Station Redevelopment Corp., the quasi-governmental body overseeing the project, is now working on the final negotiations in awarding a contract for development of the station. The preliminary plan offered by Union Station Ventures, an association made up of Equity Associates (a development affiliate of LaSalle Partners of Chicago) and Williams Jackson Cavanaugh of Baltimore, was chosen over other plans by the USRC this past summer. Union Station Ventures is now working on a final proposal, due at the end of February.

Jonathan Bortz, vice president of Equity, said that the company has not changed the concept of the preliminary plan, but did say, however, that the retail section had been expanded slightly to accommodate a "critical mass" of stores. He said their plans now included at least four or five restaurants of "substantial size" and some clothing and furniture stores mixed in with boutiques.

The retail section is expected to be two or three levels high and take up 175,000 square feet of space, while the plans call for 80,000 square feet of office space, which city officials said will be occupied by Amtrak.

Three lots just east of Union Station could also be developed into one, or possibly two, office buildings in the near future. In the Union Station Redevelopment Act of 1981, Congress said that jurisdiction over the three undeveloped lots could be transferred from the Architect of the Capitol to USRC, if it was found that the Union Station project would not generate enough revenue to enable USRC to pay its \$3.5 million annual land and building lease for the use of Union Station.

If USRC decides it needs a revenue-generating development on the three lots, it could negotiate a long-term lease of the land with a developer, similar to the projects under the jurisdiction of the Pennsylvania Avenue Redevelopment Corp. Keith Kelly, executive director of USRC, said that Union Station Ventures would like to develop the parcels, but that USRC will not make that decision until after the final negotiations on Union Station.

Bortz and a number of private developers have also talked with the Postal Service about redeveloping the Main City Post Office next to Union Station. The Postal Service will be moving postal operations out of the building in 1988 and expects to start working soon on plans for the building's reuse.

"At this point, we are not actively thinking we will sell it," said Roger P. Craig, assistant postmaster general for real estate and buildings. Craig said that the Postal Service could retain ownership of the building and negotiate a long-term lease with a private developer to redevelop the building.

Jack Finberg, deputy for real estate operations with the General Services Administration's National Capital Region, said that GSA had worked with the Postal Service to evaluate the structure and that GSA was in the process of trying to determine if it could be refurbished for use by a government agency.

"It would be expensive to fix it up, but it's an ideal location, and if an agency needed to be located there for programmatic reasons, it might be worth the expense," said Finberg. "The Postal Service usually offers buildings to us first, though there is nothing that would require them to do so with the Main City Post Office."

Craig, however, said that the Postal Service would probably consider proposals from the private, as well as public, sector before making any decision, including any formal request from the Architect of the Capitol.

The Architect of the Capitol suggested earlier this year that the Post Office could be used to house printing operations for Congress. Area developers, however, say the last thing they want in that building is a continuation of the light industrial use.

"I think the city has seen that light industrial development hasn't worked in this area and that what we need is office and retail development," said Rose. A draft report on the Union Station area put together by city officials calls for "convincing" federal authorities that a mix of hotels, office and special retail would be the best reuse of the Post Office.

In that same vein, the city has requested a zoning change for the block behind the Post Office to eliminate the light industrial zoning currently allowed on that block. The city owns two parcels in that block that had been targeted as an expansion site for the Post Office. Now that the Postal Service is moving its operations, city development administrator Philip Johnson said that the city needs to "rethink" the use of that land, possibly even making it available to private developers for a joint project with the Post Office.

The coming redevelopment of Union Station has triggered substantial activity east of the station, though as yet the only projects under construction are small-scale office buildings.

The biggest parcel is a four-acre site owned by the CSX Corp. but under contract for sale to the development firm headed by Glen T. Urguhart, chairman of the National Capital Planning Commission. Johnson, who confirmed the contract, said that the parcel would be developed as office and retail space, possibly including a hotel.

Potomac Development Corp., a partnership between David H. Schwartz and Richard J. Bell, has been busy in the last year rehabbing row houses and buying land in the area north of Massachusetts Avenue and east of the train tracks. Schwartz said that their main market is still political groups looking for office space close to Capitol Hill, but that in the future they hope to be able to attract diverse tenants.

The old Railway Express headquarters, owned by the CSX Corp. until sold to Potomac late last year, has wide freight openings at street level with two floors of office space above. Below grade is another floor, with a separate entrance on H Street, below the H Street overpass. Schwartz said that he showed the underground space to a group of furniture manufacturers last week and would hope to lure retailers to the project for the street level and underground space.

Although Schwartz and Bell are optimistic about the area east of the train tracks, they also say they will not start the rehabilitation of the Railway Express building or any other large development until they have tenants committed.

Rose, working in the area behind Union Station west of the tracks, is developing a Days Inn Hotel to open in the summer of 1986, and in the future plans to build as much as 1 million square feet of office space in buildings around the hotel.

David Carley, one of the partners of Carley Capital Group, said that he did the rehabilitation of the Phoenix Park Hotel because he believes the Union Station area is "the new direction of development in this city." He said he is working on other projects in the area but that, because they are under negotiation, he could not talk about them.

"There is no question," said Carley, "that this area is the next really important development area of the city."

OTHER IMPACTS

SENATOR ANDREWS: If assistance to Amtrak is eliminated, do you foresee higher demand for Federal assistance for highways and airports, particularly in the Northeast where rail passenger traffic is the highest?

ANSWER: We foresee no need for further Federal assistance for highways and airports if assistance to Amtrak is discontinued. Amtrak carries less than one percent of passenger traffic nationwide, so even the worst case of eliminating all Amtrak service would have little effect nationally. In the Corridor, new demand on the highways would be accompanied by new gasoline tax revenues to pay the costs. Regarding air service, if one third of the 22,000 people traveling between New York and Washington, D.C. each day on Amtrak switched to air, the 7,000 additional travelers would require about 50 additional airplanes in each direction, not a major increase in airports that handle up to 1,000 flights a day.

SENATOR ANDREWS: Is there sufficient airspace capacity to handle the number of passengers who would be diverted to airplanes if Amtrak service is discontinued, particularly in high density corridors such as between Washington, New York and Boston?

ANSWER: Yes, there is sufficient capacity. In the case of National Airport, adding ten flights to New York would mean diverting other flights to Dulles and/or BWI, but each of these airports has excess capacity. In the case of La Guardia, a peaking analysis done by FAA found that the airport served almost 100 fewer flights a day in July 1984 than in July 1981. The flights could probably not be scheduled during peak hours, but, since more than half the total flights occurred during the four peak hours, there is considerable capacity available during the off-peak periods.

LOWER FUNDING

SENATOR ANDREWS: If the existing Senate Budget Committee "mark" of \$475 million for FY 1986 for Amtrak holds, what do you estimate can be done with this level of funding?

ANSWER: Amtrak can operate its entire present system for that amount of money if the economies I proposed in my testimony are achieved. These include having freight railroads and commuter agencies pay a more equitable portion of the costs of operating the Northeast Corridor, applying Northeast Corridor or Auto Train work rules to the entire Amtrak system, and a wage freeze. The only way to achieve these economies quickly may be to make any Amtrak appropriation contingent on having in place the agreements necessary to make the changes.

SENATOR ANDREWS: Has FRA done any analysis on the effects of lower funding levels on Amtrak (besides the zero budget) i.e., at a 10 percent cut, a 20 percent cut, a 30 percent cut?

ANSWER: Yes, we have done considerable analysis of how Amtrak could be operated at a lower funding level, and the result is the economies I have recommended. We also found, as Amtrak did, that cutting routes would not be the answer;

virtually all the savings would be absorbed by labor protection costs under Amtrak's current arrangements.

SENATOR ANDREWS: If not, the Committee needs this analysis for its review so please provide it for the record.

ANSWER: The analysis, which I discussed in my testimony, is summarized here in a format that shows the different funding levels needed to operate current Amtrak service as the efficiencies I recommended are successively implemented.

(Dollars in Millions)		REQUIRED
<u>RECOMMENDED ECONOMY</u>	<u>SAVINGS</u>	<u>OPERATING SUBSIDY</u>
Amtrak Proposed FY86 Operating Subsidy		\$639
Wage Freeze	\$28	\$611
Auto Train Work Rules on Entire Amtrak System	\$60	\$551
Commuter Agencies and Freight Railroads Assume Fairer Share of NEC Operating Costs	\$71	\$480
Eliminate Sleeper, Diner Car Service	\$40	\$440

To reduce the subsidy requirement further by FY 1986, the States who benefit from specific Amtrak routes would have to be willing to shoulder their fair share of the financial burden of that service. This Administration thinks they should be willing to shoulder that burden since they gain the benefits. That is why we proposed no Federal subsidy for Amtrak in FY 1986.

SPECIAL PROJECTS

SENATOR ANDREWS: Briefly describe the status of the following projects for which Amtrak has set-aside funding. (Include funds spent to date, and expected obligations and outlays for Fiscal Year 1985 and 1986).

- Washington, D.C. - Union Station
- Atlantic City/Philadelphia Service
- New York City's West Side Connection

ANSWER: Washington Union Station. The Union Station redevelopment project is making excellent progress. During the last year, national competitions were conducted for an architectural firm to design the rehabilitation of the station, a construction management firm to oversee the construction work, and a developer to do the retail and office portions of the redevelopment. Competition was intense in each case. We selected the firm of Harry Weese & Associates as the rehabilitation architect and a joint venture of the Gilbane Building Company and the Sherman R. Smoot Co. as the construction manager. Both groups are under contract and working. We also selected Union Station Venture, a joint venture of Equity Associates, Williams, Jackson, Cavanaugh, and Ben

Thompson and Associates, as the preferred developer. We are still negotiating a development agreement with Union Station Venture.

We are also completing the environmental and historic preservation review processes. We have done an environmental assessment of the redevelopment project, on the basis of which we have decided that a Finding of No Significant Impact (FONSI) is appropriate. The FONSI for Union Station is being prepared and will be finished soon. The D.C. Historic Preservation Officer, the D.C. Historic Preservation Review Board, the National Capital Planning Commission, the Advisory Council on Historic Preservation, and the Department of the Interior are all reviewing the plans as part of these processes.

We have completed repairs to the station that were necessary to prevent the building from deteriorating further and we have cleaned up the debris inside it. The National Park Service's contractor will soon finish repairing the roof. The Park Service's architect, WVKR, will also soon complete design of the repairs to the storm water drainage system from the roof down through the building and turn the design over to us for construction. The D.C. Department of Public Works has the parking garage and a structure connecting the garage and the station concourse under construction. After a slow start, their contractor is now making good progress.

The Federal Government has a continuing rent obligation (until 2001) of \$3.5 million annually. In addition, until the station is rented to the developer, we also must operate and maintain the station. This year operation and maintenance will cost about \$750,000. In FY 1986, we expect operation and maintenance to cost about \$1.12 million. The District of Columbia has obligated \$24.8 million for construction of the parking garage. Amtrak has obligated up to \$70 million for redeveloping Union Station, including operating the Union Station Redevelopment Corporation (USRC).

Through February 28, 1985, USRC has spent \$3.65 million since its inception. By the end of FY 1985, we project outlays to have risen to a total of \$6 million. The principal obligations to date that have not been liquidated total \$4.3M on the contracts with the architect and the construction manager. Outlays in FY 1986 cannot be projected with much accuracy yet because we are still working on the design and construction schedule on which outlays will depend. A rough estimate is that outlays will total \$20-25 million. We do expect to award the major construction contract in FY 1986 which will probably be in the range of \$45 to \$50 million, so obligations in FY 1986 will peak sharply.

Atlantic City/Philadelphia Service. On March 15, 1985 the Department of Transportation received the NJDOT financial and operating plan for intercity and commuter rail service between Philadelphia and Atlantic City. The plan identifies funding sources and reiterates Governor Kean's January 31, 1985 pledge to fund, from non-federal sources, the \$39.5 million over and above the \$30 million federal share needed to complete the project.

The \$30 million set-aside for the Philadelphia/Atlantic City Project is now included in the President's FY 1985 supplemental budget to cover increased payroll costs at the FAA and the Coast Guard. Congress must approve the transfer of these funds.

Funds will not be obligated unless Congress disapproves the deferral and transfer. In the meantime the Department has agreed with New Jersey to finish work on the environmental assessment, which was already underway.

New York City's West Side Connection. On January 23, 1985 the Amtrak Board approved acquisition of the Westside line, engineering designs for the project, and the rehabilitation of Syracuse station. Amtrak management and State of New York officials have now signed a formal agreement to proceed with the project, including the State's commitment of matching funds.

To date \$14.2 million have been obligated by Amtrak (\$5.9 million for engineering and architectural design and \$8.3 million for right-of-way acquisition).

QUESTIONS SUBMITTED BY SENATOR KASTEN

SENATOR KASTEN: Administrator Riley, in your testimony, you state the ICC is willing to modify implementation of the Staggers Act with sufficient evidence. How many captive shippers do you think it would take to convince the ICC and the DOT that present standards for maximum rates charged by the railroads may not tell the whole financial story? (Is a better test of railroad "revenue adequacy" needed to assess a railroad's financial health?)

ANSWER: In enacting the 4R Act, the Congress determined that railroads face competition for the majority of traffic, and gave the ICC jurisdiction only over rates for which railroads have "market dominance." The Commission therefore continues to prescribe maximum reasonable rates wherever it finds that a movement is "captive." The statutory mandate and standards for just and reasonable rates apply regardless of the number of "captive" shippers or movements.

The determination of whether or not railroads are earning adequate revenues is made in a separate proceeding, independent of the existence or number of market dominance cases. The ICC's standards for revenue adequacy are based strictly on the principle that the railroads must be able to earn sufficient revenue to cover the costs of operations and maintenance, invest in plant and equipment, and pay interest and other fixed charges and a reasonable return to shareholders, just as the Congress stated in the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act).

Under the 4R Act, the ICC is obliged to make a continuing effort to assist the railroads to earn adequate revenues; thus, if most railroad traffic were found to be captive and the railroads still were unable to raise adequate revenues to sustain operations and attract and retain capital in the long term, the ICC's ratemaking standards might then need to be reconsidered.

SENATOR KASTEN: Though competition between different modes of transportation has increased greatly, can we expect coal burning utilities to transport their main source of energy any other way than by rail for any significant distance? If not, what can be done to ensure captive utilities will be protected from possible abuse of market power by the railroads?

ANSWER: Many utilities do receive large volumes of coal via barge, as well as truck. Even for plants that receive coal primarily by rail, utility companies have presented testimony to the ICC and the Congress that in many cases they can obtain their coal supply from a variety of mines, using different railroads or different modes. That competition can provide protection for shippers. Where the ICC determines that competition is not effective in constraining railroad pricing, the Congress has directed the Commission to regulate the maximum level of rail rates, in order to ensure that shippers will be protected. That is precisely the way the ICC is interpreting its responsibility. The Department does not believe that additional regulatory protections are needed.

SENATOR KASTEN: Mr. Riley, can you describe to me the FRA's current level of support with regard to the acquisition of the Milwaukee Road by Soo Line? If you support the merger, what is your position with regard to allowing Soo Line to pay back Milwaukee's debt to the Federal Government on a schedule that may differ substantially from what Chicago/Northwestern (C&NW) had agreed to in its offer for the Milwaukee Road? (Should Soo Line be held to the same contractual arrangement?)

ANSWER: FRA has always taken the position before the ICC and the Milwaukee reorganization court that the Soo Line could, as the acquirer of the Milwaukee's Core Assets, fulfill the transportation needs of the midwestern areas served by the Milwaukee. Our only disagreement with the Soo Line has dealt with the resolution of FRA's claims against the Milwaukee estate. When FRA negotiated with all of the applicants who expressed an interest in purchasing the Milwaukee's rail assets (the GTC & C&NW in addition to the Soo), we concluded that because each of the railroads met the transportation needs of the Midwest, FRA should not favor any of them with a settlement of FRA claims the others could not financially meet. This desire of FRA for uniformity of treatment so that we would not prejudice the outcome resulted in a proposal which the C&NW accepted, the GTC exceeded (by offering an all cash payment), and the Soo rejected. Based upon the Soo's sworn testimony before the ICC and Judge McMillen, which supports the Soo's ability to pay FRA on the basis of our C&NW settlement proposal, we believe that the terms agreed to by the C&NW continue to be equally fair to the Soo.

SENATOR KASTEN: Mr. Riley, would you comment on the current debate on whether Norfolk Southern is receiving too great of a tax break in its accepted bid for Conrail?

Do you know of any competitive disadvantage that might occur in the Midwest from Norfolk Southern's Purchase of Conrail?

Has Burlington Northern, C&NW and the Soo indicated their satisfaction with this sale? Do they have any valid reasons to object?

ANSWER: There are four points I would like to make: First, the Norfolk Southern's Memorandum of Intent does not provide Norfolk Southern with any form of special tax treatment. Norfolk Southern has agreed, and in some cases the Department of Transportation has in fact warranted, that normal tax consequences will apply. The Department of Treasury has reviewed the agreement and reaffirmed that fact.

Second, the same tax consequences flowing from the Norfolk Southern's Memorandum of Intent would apply to any other form of sale, including the public offering. A publicly held Conrail would have access to the same \$3 billion in depreciable basis that Conrail holds today.

Third, the same tax consequences stemming from the Norfolk Southern's Memorandum of Intent would ensue even if the Federal Government cancelled the sale and kept Conrail. Federal ownership does not in and of itself make Conrail immune to Federal tax liability. Conrail files annual returns, and has used its considerable tax benefits to shelter the income earned over the past four years. If Government retains its interest in Conrail, the full \$3 billion in depreciable Conrail basis will be available to Conrail management to shelter the company's income, as it has been in the past.

Fourth, bear in mind that depriving Conrail of tax treatment available to all of its rail and non-rail competitors would be both unfair and unwise. Such action would place Conrail at a significant competitive disadvantage, weakening its chances for long-term survival. The resulting cost would inevitably be passed on to Conrail shippers.

FRA knows of no competitive disadvantage in midwestern states west of the Mississippi river. Competitive disadvantages in midwestern states east of the Mississippi river--Illinois, Indiana, Ohio and Michigan--were thoroughly addressed by the Department of Justice analysis.

In regard to Burlington Northern, C&NW and Soo satisfaction with the sale, the C&NW expressed concern about being bypassed as an overhead carrier between Omaha and Chicago. The Omaha to Chicago line serves as UP's link to and from Chicago for time sensitive commodities. Commodities that are not time sensitive seem to be routed via St. Louis, thereby giving the UP system higher revenue divisions. It is unlikely that the Norfolk Southern acquisition of Conrail would change the present traffic patterns. Even though the UP could interchange with a Norfolk Southern-Conrail system or with the Guilford system in St. Louis, time sensitive commodities will continue to flow over the C&NW because it is by far the fastest route between UP western originations/terminations and Chicago.

The BN is rumored to be a participant in the financial resources behind the public offering suggestion favored by Conrail management.

The Soo has not expressed any dissatisfaction with this sale to-date.

QUESTIONS SUBMITTED BY SENATOR CHILES

UNION STATION

SENATOR CHILES: The biggest single item proposed for funding in the rail service assistance account is \$4.6 million for Union Station here in Washington, D.C. Since you are proposing to eliminate Amtrak, why are you proposing to spend \$4.6 million on Union Station?

ANSWER: First, we do not expect the elimination of federal funding to result in the elimination of Amtrak. Even if we were to assume, however, that Amtrak would be eliminated, the funds budgeted for Union Station would be needed. The United States has leased Union Station until 2001, at which time we will own it for one dollar. The rent is \$3.5 million a year which we would have to pay even if Union Station were not used. The rest of the appropriation pays for security guards, maintenance, heat, electricity, and water in the station. Even if we were not redeveloping the station, we would have to spend a large part of that money just to prevent a national landmark from deteriorating further. In any event, we are still planning to proceed with the redevelopment of Union Station, notwithstanding the elimination of federal subsidies to Amtrak. As I explained to Senator Andrews, Union Station should still be redeveloped as a commercial center even if Amtrak no longer provided train service there.

ELIMINATION OF GRANTS-IN-AID FOR RAILROAD SAFETY

SENATOR CHILES: The FRA has proposed to eliminate the Grants-In-Aid Program that provides matching grants to States for rail safety inspection. This program has been effective in Florida and other States in reducing accidents. In view of the high priority the Secretary places on safety and the relatively small amount spent on this program, why is it being proposed for termination?

ANSWER: FRA is not proposing to terminate the program only to eliminate Federal funds which are no longer necessary. There are currently 32 States and 103 inspectors, 59 in track; 35 in equipment, 8 in operating practices and 1 in signal and train control. The grant program has effectively matured over the past 15 years so that States should be able to provide the financing for their own inspectors. FRA found from its 1984 survey that most States (28 out of 32) would continue to participate in the FRA program even without Federal matching funds. Thirteen of the participating States had established State inspection forces prior to the initiation of this program in 1970.

It is more cost effective to eliminate Federal aid to the States. It would cost each State \$100,000 on average to pick up the Federal share in Fiscal Year 1985. The additional increased cost to each State in Fiscal Year 1986--without Federal subsidies--is small (\$109,000 on average per State) and should be easily manageable and not an undue burden. The annual Federal share if funded in Fiscal Year 1986 would be \$3.5 million.

Program coordination and cooperation would continue between FRA and the participating States even after the termination of the Federal funding. FRA will continue to coordinate and consolidate State inspection plans into FRA's National Inspection Plan. That plan is revised annually to reflect current safety issues and to establish the priority of Federal inspection efforts and ensure coordination with State safety programs. FRA will encourage States to participate and FRA would continue to provide training for the State personnel.

Rail safety is FRA's top priority and the authorized Federal inspection force is fully qualified to meet the challenge. We do not believe that eliminating the Federal funds for the State Grants-In-Aid program will jeopardize the State program, compromise railroad safety, or imperil the effective working relationship established between the States and FRA.

ALCOHOL AND DRUG ABUSE

SENATOR CHILES: In earlier testimony before this committee, the Chairman of the National Transportation Safety Board indicated that there is a serious problem with alcohol and drug abuse among railroad operating personnel. This abuse presents a serious safety problem. There appears to be some concerns that the FRA has not moved vigorously enough to attack the problem. In fact, last year you told us you were moving ahead quickly to remedy this problem. What is the status of FRA regulation on this subject?

ANSWER: There is no question that alcohol and drug abuse presents a threat to the safety of railroad operations. FRA began its rulemaking on this problem in June of 1983. In June of 1984, we issued a far-reaching Notice of Proposed Rulemaking that proposed to provide the means of detecting and deterring alcohol and drug use, as well as putting in place a formal Federal prohibition. Our comment period on the NPRM closed on August 15, 1984, and we immediately began the process of reviewing comments from over 90 sources presented at five days of public hearings across the country and through scores of written submissions. Our work in reviewing the remaining issues is substantially complete. In the very near future we expect to issue a final rule in that proceeding, ending 130 years of railroad history during which there has been no Federal rule.

The rule will be founded on two essential premises. First, the public has a right to be safe from the consequences of job-related alcohol and drug use. Therefore, any rule must contain effective means of enforcement. Second, this is a human problem that affects thousands of railroad employees. Therefore, we must provide the opportunity for employees to seek help for their substance abuse problems before they manifest themselves in detected, unsafe conduct.

It is true that this process of regulatory development has taken some time. Given the complexity of the problem and need to develop a full record, it could not have been otherwise. However, we believe that our investment in this proceeding will pay dividends in enhanced safety for decades to come.

FLORIDA HIGH SPEED RAIL PROJECT

SENATOR CHILES: It is my understanding that you met recently with Mr. David Blumberg, the Chairman of the Florida High Speed Rail Commission, to discuss the proposed High Speed Rail Project between Miami, Orlando and Tampa. The Federal Railroad Administration did, in fact, fund a study on which the ridership estimates for this project are based. If completed successfully, this project is likely to have not only a significant impact on Florida but the entire Nation as well because it will prove that high speed rail has a role in the transportation system of this country.

Since it is not anticipated at this point in time that there will be any Federal money directly involved in the construction of the Florida High Speed Rail Project. What role do you think the FRA should play in this important project to increase the probability of success?

ANSWER: The FRA has no direct role in this specific project that would extend beyond our grant for the study itself. FRA will continue to serve as a kind of clearinghouse for information on high speed rail, sharing with the various project sponsors the results of analysis performed under the different studies funded by FRA. For example we brought together the experts in demand forecasting last year to discuss the latest techniques, and we are planning to collect data that would be useful to any agency interested in improving forecasting methods or testing the reasonableness of existing methods.

QUESTIONS SUBMITTED BY SENATOR WEICKER

SENATOR WEICKER: If Federal subsidies for Amtrak cease on October 1, 1985, can you guarantee that any interstate compacts would be in place by that date?

ANSWER: No, I cannot. That would be up to the States, and, if Amtrak went into bankruptcy on October 1, the trustees of the railroad would have to approve any proposal for subsidized Amtrak service. What I can guarantee is that the Federal Railroad Administration would use its best efforts to bring the States together to hammer out an interstate compact. FRA has begun assessing alternative ways the States could support the continuation of rail passenger service.

SENATOR WEICKER: Do you agree with the Office of Management and Budget that "portions of Amtrak have profit potential and could be privatized?"

ANSWER: Some of the Amtrak services are important enough to the economies of state and local governments that they may opt to continue them. However, Amtrak probably could not survive entirely as a private entity. Only with very radical changes in operations and costs could some segments approach profitability. Some sources of private assistance might include: joint development (real estate), luxury type tour operators, rights along the NEC rights-of-way such as for fiber optics, charter trains, and freight trackage rights.

SENATOR WEICKER: If certain States or the private sector should assume responsibility for portions of Amtrak service--and I do not believe they will--would not such service be fragmented and regionalized at best? Do you think the United States should be the only industrialized country in the world without a national rail passenger system?

ANSWER: If all the States agreed to assume a fair share of the burden of operating the routes within their boundaries, then the result would be the same system as today, run by either the existing or a new national operator. If some States decided their Amtrak service was not worth the subsidy it now receives, it would still be possible to run a national system that would pass through such States without stopping. The only case in which a truly regionalized, fragmented system would result is if the vast majority of States--say, all the States outside the Northeast Corridor, or simply all the States--determined that continued Amtrak service was not worth the subsidy. In such a case, it is very hard to justify the position that the Federal Government should subsidize Amtrak service when the State governments, who gain the direct benefits of Amtrak service, find Amtrak service not worth the subsidy. I think the appropriate question is not simply whether everyone else has national rail service, but whether the service provided in the United States is truly justified. In contrast to most other industrialized countries, the United States is quite large and diffused in terms of land mass and population and supports extensive transportation alternatives in the form of bus, airline and highway which are far more logical and cost effective for meeting our transit needs.

Because of the relatively small number of people who use Amtrak, and the fact that only 3 of the 558 communities receiving Amtrak service do not also have bus service within about 20 miles, this Administration has come to believe that further subsidies to Amtrak are not justified.

SUBCOMMITTEE RECESS

Senator ANDREWS. We would appreciate it if you would complete the record because we have got to act on the Budget Committee proposal as soon as possible, and that would be a big help.

The committee will stand in recess until Thursday, March 21 at 10 a.m., when we will hear the Washington Metropolitan Area Transit Authority.

[Whereupon, at 11:28 a.m., Tuesday, March 19, the subcommittee was recessed to reconvene at 10 a.m. on Thursday, March 21.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1986

THURSDAY, MARCH 21, 1985

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:55 a.m., in room SD-138, Dirksen Senate Office Building, Hon. Mark Andrews (chairman) presiding.

Present: Senators Andrews, Chiles, and Lautenberg.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

STATEMENTS OF:

CARMEN E. TURNER, GENERAL MANAGER, WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

RALPH L. STANLEY, ADMINISTRATOR, URBAN MASS TRANSPORTATION ADMINISTRATION

ACCOMPANIED BY:

WILLIAM A. BOLEYN, ASSISTANT GENERAL MANAGER FOR FINANCE AND COMPTROLLER

JOHN S. EGBERT, ASSISTANT GENERAL MANAGER FOR DESIGN, CONSTRUCTION, AND FACILITIES MAINTENANCE

ECKHARD BENNEWITZ, DIRECTOR, OFFICE OF BUDGET AND MANAGEMENT ANALYSIS

INTRODUCTION OF WITNESSES

Senator ANDREWS. The subcommittee will come to order.

This morning we will hear the budget requests of both the Washington Metropolitan Area Transit Authority and the Architectural and Transportation Barriers Compliance Board, hearing from both Carmen Turner, the General Manager of Metro, and Ralph Stanley, Administrator of the Urban Mass Transportation Administration, regarding the Washington system's funding.

Following their appearance the subcommittee will hear from Madeleine Will, the Vice Chair of the Architectural and Transportation Barriers Compliance Board, accompanied by David Myers.

In order to fully explore the two agencies' budget requests, I have to request all of our distinguished witnesses to allow us to go immediately to the question and answer period and forego the usual opening

remarks. We have a problem. We have four Appropriations Subcommittee hearings going this morning, and trying to sit in on all of them is a little difficult. I appreciate your cooperation with this procedure which is unavoidable this morning.

PREPARED STATEMENTS

As always, let me assure you that your full statements will appear in the record. I appreciate your understanding of our problem this morning.

[The statements follow:]

STATEMENT OF CARMEN E. TURNER

Thank you for the opportunity to appear here today to describe to you our rail construction program and outline our critical funding needs for Fiscal Year 1986. I want to express my appreciation to the Administration for submitting a \$250 million FY 1986 funding request for our rail construction program and the \$51.7 million request for our bond interest cost. These submissions demonstrate the continued support of the Federal Government to a model state-of-the-art transportation system in our Nation's Capital City.

While we are committed to building the full rail system, we are also committed to a high standard of excellence in our day-to-day operation of the current system. I would like to outline briefly our operational accomplishments and goals and then discuss our construction program.

Metrorail operations began in March 1976 when a 4.5-mile segment of the Red Line opened between the Rhode Island Avenue Station and the Farragut North Station. This line operated on weekdays from 6:00 a.m. to 8:00 p.m. and carried approximately 30,000 passenger trips each weekday, three times the anticipated ridership. At that time the Metrobus system was carrying 445,000 daily passenger trips. On an annual basis, this is equal to 7 and 1/2 million rail passengers and 126 million bus passengers.

Mr. Chairman, the history of the transit system in Washington has been one of growth, progress, and success. Today, four lines of the Metrorail system connect 60 Metrorail stations located in the District of Columbia, Prince George's and Montgomery Counties in Maryland, the City of Alexandria and Arlington and Fairfax Counties in Virginia. In FY 1986, 408 rail cars will be used to carry 105 million rail passengers. Our operational track mileage is 60.46. The complementary Metrobus fleet of 1,571 buses will carry more than 130 million passengers over 48.9 mil-

lion bus miles. Combined rail and bus passenger trips have increased by over 48% since we began rail operations.

Since our last meeting one year ago, the Authority:

- o Has opened 9 new Metrorail Stations and 13.8 miles,
- o Is carrying 12,000,000 more Metrorail passengers per year,
- o Has decreased its bus fleet (by 15 buses), and
- o Is still carrying the same number of Metrobus passengers.

This past year has been an outstanding success. Ridership has increased and reliability has improved. We operate the safest subway system in the United States. In the past year, we have placed emphasis on improving the information graphics, automatic fare collection equipment, and availability of escalators. The use of fiber optics for communications, and automatic teller machines for passenger convenience are under study. High value automatic fare vendors are being introduced. The quality and reliability of bus service in the Region, and particularly in the District of Columbia, have been improved. Increased emphasis on performance and accountability have been instituted on both bus and rail operations. We have emphasized increased productivity and reliability with an innovative quality assurance program, a Flexible bus enhancement program, a major General Motors buses rehabilitation program, a new maintenance reporting system and an enlarged preventative maintenance inspection program. We have developed an annual bus procurement program that will enable us to sustain our current level of service to the public while we increase the number of lift-equipped buses and improve the reliability of the entire lift-equipped fleet.

WMATA's FY 1986 operating budget continues our objective of improving service while controlling costs. This is the first WMATA budget in eleven years that has not included a fare increase. We will be carrying more passengers on our buses while reducing our bus fleet size. We are able to achieve this through our strong cost containment efforts. Our new risk management team has reduced outstanding liability costs by 26% over the past eighteen months; we will be eliminating 65 administrative overhead positions; and we will continue our progress in absenteeism control, and parts inventory control, and energy management. Due to these efforts, we expect to exceed our revenue/cost recovery goal for FY 1985--from the 49.3 percent established by the WMATA Board to 50.8 percent. This is the highest revenue/cost recovery achieved by the Authority since FY 1977.

Now I would like to briefly review the funding status and construction progress of Metrorail. This review will touch on these items:

1. Our 1984 and 1985 rail construction programs;
2. Our plan to utilize the remaining Stark/Harris funds;
3. The status of the court injunction on the Green Line; and
4. The Branch Avenue alignment decision.

I feel this review is necessary not only for the record but primarily as a point of reference for our FY 1986 Metrorail Construction Program.

FY 1984 and FY 1985 Construction Programs

We are moving as quickly as possible to open additional Metrorail segments with the same spirit and level of intensity that appears in our day-to-day operational efforts. The Orange Line from the Ballston station to Vienna is scheduled to open in July 1986. At this time, we are in the final phases of the construction efforts and we are just beginning our start-up and concomitant acceptance programs on the Orange Line extension. Other Metrorail lines where construction work is currently underway include:

- o the Red Line north of Silver Spring to Wheaton; and
- o the Inner Green Line in the vicinity of Mount Vernon/
UDC.

These construction projects were funded, in part, by our Fiscal Year 1984 Rail Construction Program. As you may remember, that program was planned on the basis of a federal funding level of \$250 million which was reduced to \$226. This reduced funding level resulted from UMTA's deferral of two projects outside of the Administration's imposed system limit of 76.4 miles. The two projects deferred are:

- o the first increment of structural work on the surface line of the outer E Route adjacent to the West Hyattsville Station in Prince George's County; and
- o the three bridges over the street network on the J Route in the vicinity of the Van Dorn Station in Fairfax County and the City of Alexandria.

We were planning on grant approvals for this work last fall with con-

tract awards scheduled for December 1984 on the J Route bridges and for February 1985 on the outer E Route. Timely approval of these projects is critical if we are to achieve the operations schedule and cost estimates set out in ICCA-IV.

The 1985 Rail Construction Program now includes the two deferred projects that I just noted and several other projects on:

- o the Shaw Station and Line,
- o the U Street Station and Line,
- o the Green Line from the Waterfront Station to the Navy Yard Station, and
- o the Red Line from the Silver Spring Station to the Wheaton Station.

This FY 1985 program is based on a \$250 million federal appropriation plus the \$24 million deferred FY 1984 funding for a total federal funding of \$274 million. Our schedule for this program is in jeopardy since our FY 1985 federal grant requests have not been approved and we are now nearly half-way through the fiscal year. We feel it is prudent and financially beneficial to start as much construction as possible given the current favorable bidding climate. Efficiencies in construction techniques have reduced our previous cost estimates and the current economic climate has resulted in contract awards considerably below pre-bid estimates. Thus, more direct funding for construction has been possible. I feel we should take advantage of the current climate and move ahead expeditiously.

Utilization of Stark/Harris Funding

The Authority's Board of Directors has developed and approved the Fourth Interim Capital Contributions Agreement (ICCA-IV). This agreement provides for the continued construction of the entire Metrorail system in an orderly and uninterrupted sequence. The result is a new construction program, beginning in FY 1986, accompanied by a financial commitment of the local jurisdictions. This agreement has been approved by all member jurisdictions. Let me add that the achievement of ICCA-IV required many long hours of deliberation and hard negotiation. The task was particularly difficult because we restricted the program to approximate today's annual federal appropriation level. Further, we had to determine which rail segments would be financed within the remaining \$960 million of Stark/Harris authority (\$1.2 billion when matched with local funds). Obviously, no jurisdiction wanted its rail segment(s) deferred beyond Stark/Harris funding; thus the negotiation process was long and sensitive. This agreement, ICCA-IV, is a major accomplishment and one that we are proud of.

I should point out that the ICCA-IV Agreement earmarks the remaining Stark/Harris funds for work by line to complete 89.5 miles of the system including:

- o \$239 million for the Mid-City Line from Anacostia to U Street in the District of Columbia operational in late 1990;
- o \$450 million for the Greenbelt Line from Fort Totten to Greenbelt, primarily in Prince George's County operational in late 1992;
- o \$57 million for work on the Springfield/Franconia Line from

King Street to Van Dorn in Virginia operational in late 1990;
and

- o \$18 million for the Glenmont Line from Silver Spring to Wheaton in Montgomery County operational in mid 1989.

The remaining \$436 million is programmed for vehicles, equipment, and support costs to complement this construction. The total number of rail cars (660) required to operate this system will be met by ordering an additional 68 cars - which are included in our Fiscal Year 1986 Rail Construction Program. These additional cars are required for both the new stations and for planned patronage growth on the existing system.

The work needing funds beyond the Stark/Harris authorization are:

- o The Yellow Line from Van Dorn Station to the Franconia/Springfield Station,
- o The Red Line from Wheaton Station to the Glenmont Station,
- o The Green Line from Fort Totten Station to the U Street Station, and
- o The Green Line from the Anacostia Station to its terminus at the Branch Avenue Station.

For these segments, we will need an additional 160 rail cars. If annual funding levels in the range of \$312 to \$375 million are maintained and inflation remains within 5.5 percent per year, we will have a fully operational rail system in late 1997.

This plan is realistic; it addresses the concerns raised last year by the Administration; it recognizes the appropriation ceilings for WMATA rail construction established by the Administration over the past two fiscal years; it recognizes the Administration's current budgetary constraints; and it complies with the annual funding levels recommended by the Urban Mass Transportation Administration for the balance of the Stark/Harris authorization.

Status of Green Line Court Injunction

I want to highlight the Green Line to Branch Avenue segment that I have just mentioned and bring the Committee up to date on a major issue that we were confronting when I appeared before you last year. As you remember, the injunction of the U.S. District Court has caused considerable delay on work on the F Route. In June 1984, the court lifted part of the injunction which permitted us to construct up to and including the Anacostia Station.

In accordance with the court-approved stipulation between the parties in the F-Route litigation, the Authority was required to conduct a Comparative Alignment Study of all of the F-Route beyond the Anacostia Station. This Study considered six route alternatives, terminating at either Branch Avenue or Rosecroft. Public hearings were held in July of last year. Approximately 200 persons testified. The issues raised at those hearings were analyzed by my staff who then prepared a Review of Public Hearing Report. This report was submitted to and discussed in detail with the Authority's Board of Directors. In December of 1984, the Board approved a resolution to modify the Adopted Regional System by incorporating the St. Elizabeth's Alignment with stations at both Southern Avenue and Naylor Road. The terminus of the line is at Branch Avenue. This new alignment adds one station and two miles to the Adopted Regional System for a total system of 103 miles and 87 stations.

The actions and events that I have just outlined have fully satisfied the U. S. District Court and are fully consistent with the WMATA compact requirements and the wishes of the local jurisdictions. As a result, the injunction was lifted on the remainder of the F-Route in January 1985. Needless to say, we are moving full speed ahead--as funds permit--on this line.

Since June, our efforts have centered on the Anacostia and Navy Yard Stations and Line. We resumed the final design of the Navy Yard Station and Line in September 1984: the west tunnel design will be completed and advertised for bids this spring; the station itself and the east tunnel designs will be completed in the fall of 1985. The Anacostia River Crossing (Section F-4) contract was awarded on December 14, 1984. Design work is underway on the Anacostia Station and Line, and bids for the construction of the Anacostia parking garage were opened on February 27, 1985.

Branch Avenue Alignment Decision

As I just stated, the last series of public hearings and the Board decision has modified the Adopted Regional System to 87 stations and 103 miles. I must emphasize to the Committee that this decision that was not easily reached.

The Comparative Alignment Study prepared in support of the public hearings considered five alternatives to the adopted alignment. These alternatives terminated at either Branch Avenue or Rosecroft and were developed in response to the desires and concerns expressed over the years by community groups and local governmental agencies. In accordance with the WMATA compact, public hearings were held to receive comments on the various proposals. To ensure maximum exposure, three hearings were

held, one in the District of Columbia, one in Prince George's County along the Branch Avenue corridor, and another in Prince George's County along the Rosecroft corridor. Following the hearings, a review of the public hearings was prepared summarizing the results and addressing all of the issues raised at the hearings. At the hearing in the District, there was almost unanimous support for the alignment through St. Elizabeth's Hospital and Congress Heights. At the Prince George's County hearings there was considerable support for both the Branch Avenue and Rosecroft alignments.

As stated the choice of alignments was not reached easily. In addition to the public hearing testimony, the Board considered many factors for each alternative including displacements, ridership, land use and development impacts, transportation system improvements required for each alternative and their costs, park land impacts, capital costs for Metro-rail construction, and operating costs. Following considerable deliberation, the Board adopted the St. Elizabeth's-Branch Avenue Terminus alignment with stations at both Naylor Road and Southern Avenue. Although this alignment adds two miles and one station to the system, it offers several major advantages:

1. It serves Congress Heights which has a large transit dependent population and several publicly assisted development projects.
2. It serves Southern Avenue and two major hospitals with large outpatient flows, the St. Elizabeth's Hospital and the Greater Southeast Community Hospital, a concept that received considerable support at all three hearings.
3. It had the highest ridership of all of the alternatives considered.

4. The additional station facilitates the effective distribution of parking capacity among the stations in Maryland.
5. Stations are located on both the Rosecroft and Branch Avenue corridors.

FY 1986 Construction Program

I have completed the review of the issues which are basic to our Fiscal Year 1986 Metrorail Construction Program. I would now like to brief you on that program.

To fund the Fiscal Year 1986 annual element of this plan, we are requesting a \$250 million appropriation of Stark/Harris funds, the same level appropriated for Fiscal Years 1984 and 1985. This complies with the written guidance given to us from the UMTA Administrator. With twenty percent (20%) local matching funds, this will provide for a total FY 1986 program of \$312.5 million. The local matching funds will be provided under the terms of the ICCA-IV that I described earlier. These funds will allow us to proceed with work on the segments that I earlier described plus the procurement of 68 rail cars. More specifically, it will fund:

- o The second increment of construction work (multi-year funded contract) for the U Street Station and line;
- o The construction work on the Navy Yard Station plus a portion of line beyond the station;
- o Finish and stage work on the Mid-City Line from Gallery Place up to the U Street Station; (Finish and stage work includes

station furnishings and graphics, trackwork, elevators, escalators, and automatic train control. It also includes parking and landscaping at stations where appropriate.)

- o Finish and stage work from Silver Spring to Wheaton;
- o Construction work on the lower level of the Fort Totten Station on the Outer Green Line;
- o Construction work for the Prince George's Plaza Station and Line.

Funding will also be needed for insurance, fare collection equipment, and project management/consultants. We will be ready to proceed with all of this work as soon as FY 1986 funds become available.

I wish to reiterate the need for completing the full system. The Metrorail system is a success story. The Board of Directors has developed a financial plan for the total system which the Administration has considered as the major step toward approval of our grants for the continued construction of the system. The Authority has held down costs to meet the Administration's effort to bring the program within reasonable financial restraints and construction phasing. The need for completing the full system has regional support. What we need now is a firm Federal commitment for the 89.5 miles of system within available Stark/Harris funds plus a Federal commitment to the full system. Our immediate need is for grant approvals for our FY 1985 program. We submitted our new plan to UMTA in December 1984 and we are now waiting for an UMTA endorsement of our grant requests. We look forward to continued support and participation from the Federal Government in constructing the full Metrorail system and extend to this Committee and the Congress our deep appre-

ciation for your consistent support over the years of our construction and operation.

In this light, I would like to point out that the Administration's budget request for Fiscal Year 1986 would remove from our appropriation language the following provisions:

"authorizing completion of the 101-mile Adopted Regional System of rapid rail transit, and: Provided, that in obligating and expending funds appropriated under this section, the Secretary may not withhold approval of any construction grant solely on the basis of any mileage limitation."

These provisions, which are self-explanatory, were included in our appropriation language by this Committee at our request last year and, of course, enacted by the entire Congress in providing our 1985 appropriation. It is important to us that these provisions remain indicating the sense and direction of the Congress to authorize and provide for the completion of the Metrorail system.

Our Board of Directors is deeply concerned that the deletion of these provisions would indeed, by their removal, be interpreted as a basis for limiting the authorized rail system and as an indication of Congressional intent.

In addition to our concerns regarding our own program, WMATA strongly supports the American Public Transit Association (APTA) position on National mass transit funding. We recognize the serious problems associated with a large national debt and we applaud President Reagan's efforts to control spending. But it is evident that mass transit is carrying a disproportionate share of the Administration's budget cuts.

Seventy-three percent (73%) of the Department of Transportation budget reductions are from the UMTA program alone. APTA's view is that the transit industry would support an equitable across-the-board freeze on funding but that cuts of the nature and scope of those proposed would be disastrous to public transportation in cities and regions, both large and small. WMATA fully supports APTA's position on this crucial issue.

In closing, Mr. Chairman, I want to assure the Committee that we do have a good working relationship with Secretary Dole and the UMTA Administrator, Mr. Stanley. I believe this excellent cooperative relationship will provide a successful partnership in building the full Metrorail system. The WMATA Board and I intend to expand our communication efforts to insure that we are responsive to UMTA and that UMTA is aware of the transportation issues in this region.

I want to thank you for this opportunity to discuss our program and I am available with my staff to answer any questions you may have.

STATEMENT OF RALPH L. STANLEY

Mr. Chairman and Members of the Subcommittee, it is a pleasure for me to be here today to discuss the FY 1986 budget request for WMATA. First, let me express my personal appreciation for the professional and diligent efforts put forth by WMATA's General Manager, Carmen Turner, who has acted to strengthen the excellent working relationship I enjoy with WMATA. I especially want to compliment Mrs. Turner for achieving, as I understand it, an \$11 million reduction in WMATA's FY 1985 budget deficit.

In order to combat the problem of the Federal deficit, the Federal Government is now re-examining its role in, among other areas, mass transit. Although we are cutting back or eliminating many other major transit projects, we are still proposing to provide construction funding for the Washington Metro rail system until the funding provided by the Stark-Harris Legislation is exhausted. As you are aware, the Washington Metro rail system has a separate authorization of \$1.7 billion under the legislation commonly referred to as Stark-Harris enacted in January, 1981. No other mass transit system has received such singular support from Congress. This authorization, I might add, was passed with the assurance that no additional Federal funding was required to complete the full 101-mile system.

The funding problems faced by WMATA are not unique among transit properties. Other cities are faced with a similar set of problems. Many are developing worthwhile projects by raising additional non-Federal funds, but even with this increased local commitment, there is simply not enough Federal money available to fund them in light of the ever increasing pressures on the Federal budget and the resultant deficit.

Metro Funding History

Much has been said about the Federal "commitment" to WMATA. It is essential that all of us concerned with this issue pause and review the history of the Federal Government's role in funding the WMATA rail system as we analyze this "commitment."

In 1981, former Secretary Drew Lewis, facing the reality of the ever increasing cost of the system (which had more than tripled) and scarce Federal transportation dollars, decided that the Department would first assist in completing the roughly 75 miles then under construction. It was as clear then, as it is today, that the Stark-Harris authorization would not complete the system as was anticipated when enacted.

Throughout this period, the Federal Government has kept its commitment to WMATA. We began our commitment at \$1.65 billion in Federal funds in 1969. We kept our commitment through all the increased cost estimates to our current expenditure of a total of \$3.9 billion in Federal funds through FY 1984.

It is important to remember that in addition to the past appropriations to WMATA, the Federal Government also pays about \$51.7 million annually in interest for the WMATA bonds and is liable for approximately \$665 million of principal when the bonds become due for a total additional cost of about \$2.7 billion.

While this Administration affirms its commitment to complete funding under the Stark-Harris Authorization, we are opposed to any additional Federal authorizations to complete the system. With completion of the \$1.7 billion Stark-Harris funding program in FY 1989, the Federal Government will have invested some \$6 billion in the Metro rail system. This vastly exceeds the amount of Federal transit funds given to any other city or transit system.

I am pleased to note that in the last year, WMATA has accomplished an important goal by submitting a plan for the remainder of Stark-Harris. I would like to see that same cooperation continued to make sure other needed changes are effected.

I have discussed with Mrs. Turner and the WMATA Board the necessity of full funding contracts to complete the balance of the Stark-Harris Authorization. The Department intends to negotiate full funding contracts in operable segments with WMATA covering construction of as much of the system as can be funded within the present authorization. No grants for WMATA construction will be approved without a full funding provision.

A full funding contract essentially places a ceiling on the Federal obligation. This way, the Department can protect itself against large cost overruns because extra costs become the responsibility of WMATA. All other new rail start projects are handled in this manner, so Departmental policy is consistent and equitable. This results in a defined level of cost containment and tends to raise the local matching rate when, for example, construction costs escalate or construction is delayed.

A full funding contract is needed to lock in the Federal commitment. This is especially important since WMATA apparently expects the Federal Government to pay 80 percent of all remaining construction costs of the entire system. However, the extent of that system does not yet seem to be clear. In fact, the "system" recently was expanded when the WMATA board voted to increase the system by about two more miles and one station at an increased cost of \$130 million. While the Board obviously expects that the Federal Government will cover 80 percent of these increased costs, it is interesting to note that neither this Subcommittee, local officials, local congressional delegations, State transportation departments nor the Department of Transportation were consulted.

Secondly, to reach our goal of greater local participation in the system, we are suggesting that the local share for the WMATA rail system be increased beyond the current 20 percent level.

According to WMATA's recently ratified fourth Interim Capital Contributions Agreement (ICCA-IV), an 89.5-mile rail system can be constructed within the remaining Stark-Harris funds at the current 80/20 matching ratio. To the extent that the local share is increased and the Federal matching rate reduced, a larger rail system could be constructed with the balance of Stark-Harris funds.

Instead of asking the Federal Government for more funds beyond Stark-Harris, WMATA should look inward to come up with a greater local share. Absolutely no progress has been made to my knowledge toward achieving the higher local match required by Congress now or after Stark-Harris funds are exhausted. In fact, it would appear that WMATA is moving in the opposite direction from that congressional directive with their recent expansion of the system to 103 miles and their expectation of 80 percent Federal funding.

Nonetheless, and since it is legally permissible, the Department intends to seek a higher local matching rate from WMATA. The exact local match as well as DOT's total funding commitment would be formalized through a full funding contract. No legislative changes will be required.

It is our position that the region must take a careful look at options for obtaining greater local participation in the funding of the system. Such action would be prudent not only to complete construction of as much of the system as possible, but to ensure adequate funding to operate that system when built. This is what we have required of any other metropolitan area seeking to initiate or expand a major transit system. Recent experiences

in such cities as Pittsburgh, Detroit and Miami have led us to conclude that more careful attention must be given to financing the operations of new systems.

Summary

In summary, Mr. Chairman, we have made considerable progress in bringing WMATA spending under control. The Administration's efforts to obtain full funding contracts will be an important step to insure that Congress is not left holding another major cost overrun. Current fiscal constraints do not allow WMATA to simply assume additional Federal funding will be available.

I believe we should work together for the following goals:

First, based upon WMATA's recently adopted ICCA-IV construction program, require full funding contracts with WMATA for the remaining Stark-Harris funds.

Second, inform the local jurisdictions that UMTA funding beyond Stark-Harris will only be available from formula apportionments and advise them that a greater local share, perhaps through a regional dedicated funding source, will be necessary.

And finally, make it very clear that the Administration must and will actively oppose any Federal funding specifically for WMATA beyond Stark-Harris.

In closing, a \$200 billion Federal deficit and an increasingly scarce Federal transportation dollar require WMATA and the citizens and taxpayers of the Washington capital region to face the reality that even in Washington, showcase or not, the Federal pocket is not bottomless. The privileges of the past are gone and it is time to use current resources more wisely. I pledge my assistance to work with the Congress, WMATA and local governments to insure a safe and reliable transit system within all our budgetary constraints.

STARK-HARRIS AUTHORIZATION

Senator ANDREWS. For fiscal year 1986 Metro is requesting \$250 million under the Stark-Harris authorization. Last year you argued that delays and extra expense would result from receiving only \$250 million in fiscal year 1985 as recommended by the administration.

Why have you chosen to request only \$250 million for fiscal year 1986?

Ms. TURNER. We have put together a budget, Mr. Chairman, for fiscal year 1986, and indeed, for the balance of the Stark-Harris authorization. This program reflects our recognition of budget constraints, and also it reflects the guidance given us by the UMTA administrator. So we have set a program level of \$250 million which we believe is realistic and will move the program forward.

Senator ANDREWS. I know Metro is dedicated to completing the 101-mile system. There is no doubt about that from the expressions on your faces. What financing plans have been made for funding the 11½ miles that cannot be completed under the Stark-Harris authorization?

Ms. TURNER. That is certainly something that all of us have a great deal of concern about. We plan hopefully to work with the Congress and with the administration and with the people in this region to develop a plan that will provide for funding of the balance of the system beyond Stark-Harris.

UMTA NEW START POLICY

Senator ANDREWS. While funding for Metro apparently is not covered by UMTA's new start policy, we are interested in the cost effectiveness of the various segments of the system. Can you provide ridership estimates for future segments and current ridership of existing segments?

Ms. TURNER. We certainly can. We would like to submit that for the record.

Senator ANDREWS. OK. That will be fine.

Can you also provide similar figures for new riders; that is, riders attracted to transit by Metro rather than riders switching from bus to rail, new people coming on the system. Do you have that figure, too?

Ms. TURNER. Yes; we can do that. I would like to say that we are pleased with the success of the Metrorail project, and that ridership is up and costs are down.

[The information follows:]

METRORAIL PASSENGER SURVEY

The Authority in the spring of 1984 conducted a Metrorail Passenger Survey. One of the questions on the survey form asks the riders how they would have made the trip if Metrorail were not available. Out of 308,770 daily riders at that time, 167,661, or 54.3 percent, answered that they would either have used an automobile or taxi, walked, or not have made the trip at all. A total of 141,109 answered that they would have used Metrobus.

Based on the replies received on the survey forms, it can be assumed that about 54 percent of the Metrorail patrons are new riders to transit.

The Authority has no current usable estimates of ridership for future segments. The most recent studies were made several years ago, and some of the assumptions used at that time are no longer applicable. For example, the assumed completion date of the early 1990's for the full system is no longer valid. Additionally, land use projections and the level of fares have changed.

Each time a new segment opens, new patrons are attracted to the new stations; bus riders are diverted to the new stations, and rail riders can be diverted from an existing station to one of the new stations. In addition, when new stations open, ridership on existing segments is affected. For example, when the Shady Grove segment opened, most riders boarding at those stations in the morning peak period are alighting at existing downtown stations. During the afternoon peak period, these same riders are boarding at the existing downtown stations and alighting at the new stations.

Therefore, each new segment opened affects ridership on the existing segments. In late February a ridership count was taken at all stations in the system for two weekdays, a Saturday, and a Sunday. The ridership counts by station are attached for your information.

MANUALLY OBTAINED METRORAIL STATISTICS

Date February 23, 1985

Station	Mezz. Code No.	Fare Extracted	Patrons In	Patron- Out
Addison Road	92	1665	1589	1697
Archives	81	736	914	835
Arlington Cemetery	42	422	510	503
Ballston	99	3133	3634	3729
Benning Road	90	789	961	907
Bethesda	12	1864	2107	2062
Braddock Road	47	654	778	689
Brookland	27	2512	3153	3063
Capitol Heights	91	740	852	796
Capitol South	59	1277	1759	1544
Cheverly	66	295	302	317
Clarendon	97	709	916	860
Cleveland Park	08	1531	2083	1870
Court House	96	919	1224	1120
Crystal City	45	2222	2782	2689

Station		Mezz. Code No.	Fare Extracted		Patrons In			Patrons Out
Deanwood		65	534		707			635
Dupont Circle	Conn. & 19th (S)	05	C	L	O	S	E	D
	20th & Q (N)	06	5947		6707			7009
	STATION TOTAL		5947		6707			7009
Eastern Market		60	2414		2549			2944
Eisenhower Ave		49	193		223			213
Farragut North	Conn. & L (W)	03	C	L	O	S	E	D
	Conn. & L (N)	04	1183		1654			1392
	Conn. & K (S)	02	2036		1766			2287
	STATION TOTAL		3219		3420			3679
Farragut West	18th & I (W)	39	2451		2593			2954
	17th & I (E)	38	C	L	O	S	E	D
	STATION TOTAL		2451		2593			2954
Federal Center SW		58	615		625			754
Federal Triangle		53	1671		2480			1921
Foggy Bottom		40	4946		5778			5663
Fort Totten		28	1616		1786			1946
Friendship Heights		11	2528		3004			2998
			C	L	O	S	E	D
STATION TOTAL			2528		3004			2998
Gallery Place	9th & G (W)	20	1671		1699			1899
	7th & G (E)	21	1042		839			1208
	7th & H (N)	69	847		1238			976
	STATION TOTAL		3560		3776			4083
Grosvenor		14	1416		1437			1367
Huntington	North	50	650		711			652
	South	51	1524		1399			1519
	STATION TOTAL		2174		2110			2171
Judiciary Square	5th & F (W)	22	433		405			516
	4th & D (E)	23	C	L	O	S	E	D
	STATION TOTAL		433		405			516
King Street		48	1650		1622			1738
Landover		67	1148		1139			1221
L'Enfant Plaza	7th & D (E)	57	C	L	O	S	E	D
	7th & Md. Ave. (N)	82	821		1157			971
	Plaza (W)	56	995		1047			1181
	STATION TOTAL		1816		2204			2152
McPherson Sq	14th & I (E)	36	1341		1600			1518
	Vermont & I (W)	37	699		981			833
	STATION TOTAL		2040		2581			2351
Medical Center		13	812		980			869

Station		Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Metro Center	11th & G (E)	19	4663	4912	5422
	12th & G (N)	35	805	951	921
	13th & G (W)	01	2280	2276	2683
	12th & F (S)	52	1385	1697	1589
	STATION TOTAL		9133	9836	10615
Minnesota Avenue		64	708	733	839
National Airport		46	2145	2509	2435
New Carrollton		68	3051	3081	2863
Pentagon		43	2284	2780	2797
Pentagon City		44	579	722	711
Potomac Avenue		61	1632	1963	1995
Rhode Island Avenue		26	1517	1918	1877
Rockville		17	1057	1041	996
Rosslyn		41	2601	3437	3044
Shady Grove		18	2583	2410	2409
Silver Spring	South	30	6581	5961	6648
	North	31	C L	O S E D	
	STATION TOTAL		6581	5961	6648
Smithsonian	Mall	54	5874	6200	6658
	12th & Indep. Ave.	55	410	662	493
	STATION TOTAL		6284	6862	7151
Stadium-Armory	D.C.Gen.Hosp.	62	356	464	437
	Stadium	63	989	1299	1148
	STATION TOTAL		1345	1763	1585
Takoma		29	1691	1956	1961
Tenleytown		10	1700	2074	2044
Twinbrook		16	1130	1188	1097
Union Station	AMTRAK (N)	25	1364	1235	1605
	1st & Mass. Ave. (S)	24	2072	2489	2462
	STATION TOTAL		3436	3724	4067
Van Ness-UDC		09	1622	2162	2027
Virginia Square		98	615	760	758
White Flint		15	1819	1874	1795
Woodley Park-Zoo		07	5659	4774	6327
SYSTEM TOTALS			119,823	133,218	135,906

MANUALLY OBTAINED METRORAIL STATISTICS

Date February 24, 1985

Station	Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Addison Road	92	530	525	543
Archives	81	490	671	567
Arlington Cemetery	42	331	378	394
Ballston	99	1358	1817	1636
Benning Road	90	311	423	357
Bethesda	12	830	883	907
Braddock Road	47	393	401	421
Brookland	27	911	1234	1111
Capitol Heights	91	215	310	225
Capitol South	59	371	543	458
Cheverly	66	168	194	187
Clarendon	97	296	333	363
Cleveland Park	08	791	1098	967
Court House	96	383	642	473
Crystal City	45	946	837	1076
Deanwood	65	158	233	191
Dupont Circle	Conn. & 19th (S)	05	C L O S E D	
	20th & Q (N)	06	2873	3612
	STATION TOTAL		2873	3469
Eastern Market	60	827	972	1020
Eisenhower Ave	49	130	130	129
Farragut North	Conn. & L (W)	03	C L O S E D	
	Conn. & L (N)	04	318	609
	Conn. & K (S)	02	633	612
	STATION TOTAL		951	1221
Farragut West	18th & I (W)	39	841	794
	17th & I (E)	38	C L O S E D	
	STATION TOTAL		841	794
Federal Center SW	58	311	437	381
Federal Triangle	53	819	1585	948
Foggy Bottom	40	1878	2248	2274
Fort Totten	28	541	755	659
Friendship Heights	11	1129	1273	1349
			C L O S E D	
	STATION TOTAL		1129	1273
Gallery Place	9th & G (W)	20	1067	1122
	7th & G (E)	21	1279	981
	7th & H (N)	69	4239	3403
	STATION TOTAL		6585	5506
Grosvenor	14	1013	1037	969

Station		Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Huntington	North	50	378	421	378
	South	51	948	1010	943
	STATION TOTAL		1326	1431	1321
Judiciary Square	5th & F (W)	22	256	274	300
	4th & D (E)	23	C L O S E D		
	STATION TOTAL		256	274	300
King Street		48	782	823	811
Landover		67	298	345	322
L'Enfant Plaza	7th & D (E)	57	C L O S E D		
	7th & Md. Ave. (N)	82	408	646	487
	Plaza (W)	56	422	436	497
	STATION TOTAL		830	1082	984
McPherson Sq	14th & I (E)	36	481	621	578
	Vermont & I (W)	37	269	391	331
	STATION TOTAL		750	1012	909
Medical Center		13	418	604	440
Metro Center	11th & G (E)	19	1019	1624	1171
	12th & G (N)	35	343	441	386
	13th & G (W)	01	647	602	739
	12th & F (S)	52	446	502	517
	STATION TOTAL		2455	3169	2813
Minnesota Avenue		64	293	289	349
National Airport		46	1336	1607	1608
New Carrollton		68	1878	1734	1739
Pentagon		43	1254	1499	1553
Pentagon City		44	413	557	503
Potomac Avenue		61	420	519	490
Rhode Island Avenue		26	548	801	675
Rockville		17	635	586	591
Rosslyn		41	1243	1091	1475
Shady Grove		18	1452	1662	1340
Silver Spring	South	30	3056	4149	3151
	North	31	C L O S E D		
	STATION TOTAL		3056	4149	3151
Smithsonian	Mall	54	4478	4931	4923
	12th & Indep. Ave.	55	274	225	324
	STATION TOTAL		4752	5156	5247
Stadium-Armory	D.C. Gen. Hosp.	62	105	176	130
	Stadium	63	207	266	255
	STATION TOTAL		312	442	385
Takoma		29	837	1024	991
Tenleytown		10	785	982	935
Twinbrook		16	812	786	759

Station	Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Union Station	AMTRAK (N) 25	427	894	490
	1st & Mass. Ave. (S) 24	1128	1129	1347
STATION TOTAL		1555	2023	1837
Van Ness-UDC	09	748	932	929
Virginia Square	98	346	460	429
White Flint	15	482	385	463
Woodley Park-Zoo	07	3812	3438	4231
SYSTEM TOTALS		60,464	68,954	67,912

MANUALLY OBTAINED METRORAIL STATISTICS

Date February 26, 1985

Station	Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Addison Road	92	5549	3625	3914
Archives	81	2451	2677	2414
Arlington Cemetery	42	113	158	132
Ballston	99	10411	9744	10139
Benning Road	90	2757	3005	2730
Bethesda	12	5436	4509	4482
Braddock Road	47	1999	1623	1616
Brookland	27	5247	5593	5703
Capitol Heights	91	2657	2216	2156
Capitol South	59	7705	7813	8197
Cheverly	66	1690	1361	1275
Clarendon	97	2127	2397	2349
Cleveland Park	08	2444	2098	2805
Court House	96	3009	3488	3459
Crystal City	45	10105	9242	9835
Deanwood	65	1657	1720	1598
Dupont Circle	Conn. & 19th (S) 05	7802	7257	7461
	20th & Q (N) 06	7711	8106	7934
STATION TOTAL		15513	15363	15395
Eastern Market	60	4799	4733	5342
Eisenhower Ave	49	1508	1197	1162
Farragut North	Conn. & L (W) 03	4610	2984	4108
	Conn. & L (N) 04	5895	6068	5408
	Conn. & K (S) 02	10289	9792	9105
STATION TOTAL		20794	18844	18621
Farragut West	18th & I (W) 39	14984	14679	14834
	17th & I (E) 38	8309	8349	7673
STATION TOTAL		23293	23028	22507
Federal Center SW	58	4803	4555	5110
Federal Triangle	53	6385	5640	6281

Station		Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Foggy Bottom		40	13478	13906	13810
Fort Totten		28	4846	4203	4856
Friendship Heights		11	5557	5204	5318
			C O	O S E	D
STATION TOTAL			5557	5204	5318
Gallery Place	9th & G (W)	20	2041	2123	2141
	7th & G (E)	21	1559	1664	1695
	7th & H (N)	69	1633	2275	1639
	STATION TOTAL		5233	6062	5475
Grosvenor		14	3397	2393	2265
Huntington	North	50	1836	1390	1342
	South	51	4460	3732	3632
	STATION TOTAL		6296	5122	4974
Judiciary Square	5th & F (W)	22	2100	2131	2067
	4th & D (E)	23	4603	4472	4596
	STATION TOTAL		6703	6603	6663
King Street		48	3150	2502	2457
Landover		67	3850	2624	2692
L'Enfant Plaza	7th & D (E)	57	5100	5685	5330
	7th & Md. Ave. (N)	82	3755	4003	3652
	Plaza (W)	56	5348	5589	5235
	STATION TOTAL		14203	15277	14217
McPherson Sq	14th & I (E)	36	4917	5895	5102
	Vermont & I (W)	37	7865	8079	7643
	STATION TOTAL		12782	13974	12745
Medical Center		13	3107	2520	2347
Metro Center	11th & G (E)	19	5188	6044	6250
	12th & G (N)	35	1078	1360	1116
	13th & G (W)	01	5813	4040	6028
	12th & F (S)	52	2701	2381	2775
	STATION TOTAL		14780	13825	16169
Minnesota Avenue		64	2037	3081	2037
National Airport		46	3945	3747	3891
New Carrollton		68	9439	5527	6030
Pentagon		43	15499	22889	17338
Pentagon City		44	2327	2634	2543
Potomac Avenue		61	5286	5475	6196
Rhode Island Avenue		26	4260	5209	4827
Rockville		17	3236	1903	1922
Rosslyn		41	11040	12152	11524
Shady Grove		18	6584	3504	3594

Station		Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Silver Spring	South	30	12760	9856	10152
	North	31	2938	2887	2199
	STATION TOTAL		15698	12743	12351
Smithsonian	Mall	54	1551	1633	1636
	12th & Indep. Ave.	55	4782	4815	4460
	STATION TOTAL		6333	6448	6096
Stadium-Armory	D.C.Gen.Hosp.	62	939	1040	1019
	Stadium	63	2243	2542	2412
	STATION TOTAL		3182	3582	3431
Takoma		29	5205	4843	4647
Tenleytown		10	3444	3907	3744
Twinbrook		16	3070	1927	1924
Union Station	AMTRAK (N)	25	3586	4561	3798
	1st & Mass. Ave. (S)	24	7179	7202	7451
	STATION TOTAL		10765	11763	11249
Van Ness-UDC		09	6822	7498	7244
Virginia Square		98	2458	2613	2622
White Flint		15	2853	1854	1874
Woodley Park-Zoo		07	3609	3881	4102
SYSTEM TOTALS			366,926	356,024	350,396

MANUALLY OBTAINED METRORAIL STATISTICS

Date February 27, 1985

Station	Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Addison Road	92	5599	3720	3953
Archives	81	2699	2743	2656
Arlington Cemetery	42	170	233	201
Ballston	99	10508	9921	10273
Benning Road	90	2766	2952	2740
Bethesda	12	5282	4467	4387
Braddock Road	47	2009	1647	1630
Brookland	27	5350	5936	6011
Capitol Heights	91	2745	2066	2202
Capitol South	59	7106	7863	7540
Cheverly	66	1711	1378	1300
Clarendon	97	2071	2371	2273
Cleveland Park	08	2533	3110	2948
Court House	96	3160	3588	3496
Crystal City	45	10350	9985	9544
Deanwood	65	1689	1667	1620

Station	Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
Dupont Circle	Conn. & 19th (S)	05	7888	7236
	20th & Q (N)	06	7171	8052
	STATION TOTAL		15059	15288
Eastern Market		60	4870	4774
Eisenhower Ave		49	1504	1245
Farragut North	Conn. & L (W)	03	4458	3942
	Conn. & L (N)	04	5756	6172
	Conn. & K (S)	02	10402	9795
	STATION TOTAL		20616	19909
Farragut West	18th & I (W)	39	15421	15200
	17th & I (E)	38	8616	8707
	STATION TOTAL		24037	23907
Federal Center SW		58	4460	4482
Federal Triangle		53	6719	5914
Foggy Bottom		40	13181	13821
Fort Totten		28	4924	4478
Friendship Heights		11	5708	5230
			C O	O S E D
	STATION TOTAL		5708	5230
Gallery Place	9th & G (W)	20	2143	2156
	7th & G (E)	21	1761	1753
	7th & H (N)	69	1691	2404
	STATION TOTAL		5595	6313
Grosvenor		14	3485	2457
Huntington	North	50	1884	1415
	South	51	4931	3627
	STATION TOTAL		6815	5042
Judiciary Square	5th & F (W)	22	2115	2098
	4th & D (E)	23	4491	4157
	STATION TOTAL		6646	6255
King Street		48	3334	2488
Landover		67	3776	2612
L'Enfant Plaza	7th & D (E)	57	5229	5797
	7th & Md. Ave. (N)	82	3896	4166
	Plaza (W)	56	5231	4898
	STATION TOTAL		14356	14861
McPherson Sq	14th & I (E)	36	5306	6093
	Vermont & I (W)	37	7599	8004
	STATION TOTAL		12905	14097
Medical Center		13	2956	2399
Metro Center	11th & G (E)	19	5150	6132
	12th & G (N)	35	1133	681
	13th & G (W)	01	6310	5428

Station	Mezz. Code No.	Fare Extracted	Patrons In	Patrons Out
12th & F (S)	52	2696	2738	2776
STATION TOTAL		15289	14979	16445
Minnesota Avenue	64	2245	2984	2339
National Airport	46	4310	4111	4262
New Carrollton	68	9485	5707	5928
Pentagon	43	13804	22846	15795
Pentagon City	44	2341	2637	2465
Potomac Avenue	61	5700	5675	6447
Rhode Island Avenue	26	4267	5906	4849
Rockville	17	3168	1847	1853
Rosslyn	41	11342	12698	12016
Shady Grove	18	6505	3415	3594
Silver Spring South	30	12737	10356	10245
North	31	2951	2561	2180
STATION TOTAL		15688	12917	12425
Smithsonian Mall	54	1716	1853	1856
12th & Indep. Ave.	55	4923	5012	4644
STATION TOTAL		6639	6865	6500
Stadium-Armory D.C.Gen.Hosp.	62	913	1011	987
Stadium	63	1835	2084	2069
STATION TOTAL		2748	3095	3056
Takoma	29	5209	4915	4679
Tenleytown	10	3450	3780	3750
Twinbrook	16	3131	1946	1945
Union Station AMTRAK (N)	25	3430	4648	3640
1st & Mass. Ave. (S)	24	6768	6961	6951
STATION TOTAL		10198	11609	10591
Van Ness-UDC	09	6893	7733	7403
Virginia Square	98	2495	2589	2629
White Flint	15	2840	1856	1852
Woodley Park-Zoo	07	3402	3364	3889
SYSTEM TOTALS		367,843	362,693	351,295

NEW START CRITERIA

Senator ANDREWS. Administrator Stanley, has UMTA rated the new segments using the new start criteria?

Mr. STANLEY. We have not yet rated any of them based on that criteria. However, I would say that some of the segments would rate very cost effectively, particularly the Green Line segments through Anacostia.

Senator ANDREWS. Have you got any wild guess about what would come out if you did rate them?

Mr. STANLEY. Some segments, as I indicated, would rate the equivalent of the MARTA system in Atlanta. Some of the other segments, particularly those in the suburban areas, would probably fare very poorly.

Senator ANDREWS. From what we understand, the Green Line is the most effective, but that is the last one you plan to build. Is that not kind of going backward?

Mr. STANLEY. The choice and the segments to be constructed have been made by the WMATA board. One of our efforts, in terms of policy, has been to try to encourage them to build the most cost effective segments first.

SCHEDULE FOR THE GREEN LINE

Senator ANDREWS. On that basis, then, why did you choose the Green Line last if that is the most cost effective? I assume it is your decision.

Ms. TURNER. The history of the Metro project, as you well know, sir, goes back many, many years, and the decision to build a segment is driven by not only our ability to move the program through the normal design and construction, but also in getting all of the approvals. And so in the case of the Green Line, there were alignment decisions that needed to be made; there were other approvals that were needed. As we testified last year, we had a court injunction which delayed construction of that line. I am pleased to say that that injunction has now been lifted.

We are now constructing the Anacostia tunnel and we are moving with the Anacostia station. This work is on the midcity route. So the Green Line is moving, and we are as anxious as anyone to see that line built. That line will serve the most transit-dependent people in this region.

Senator ANDREWS. That is right. I suspect that is why it is most cost effective. But the low-income residents of Southeast Washington, of course, need rapid and convenient access to the rest of the town and to their employment opportunities. That is why the committee would think that there might be some merit in moving that section first.

Ms. TURNER. The construction plan that we submitted to the administration takes all of that into consideration, but construction has to be phased in. And we believe that given the decisions that have to be made, we are building the Green Line in the most cost effective and timely fashion.

Senator ANDREWS. But again, I remember years ago, long before I was in Congress, when the Congress authorized an Air Force Academy. The military went on, as the military often does, and they built the whole darn thing except the airfield. They had used up all of the money, and then they came back and they said by gosh, we cannot have an Air Force Academy without an airfield; so then Congress was forced to give them additional money.

Now we look at this, and it is almost as if you are kind of copying that ploy of three decades ago, because as the committee looks at it, Stark-Harris funding is going to run out before you get to the last miles of the Green Line, which are the most cost effective.

Are you coming at us with some idea that you are leaving the best hang out so that we are going to have to say well, you know we have got this whole thing built, and Stark-Harris precludes building any more, but somehow or another the part that is unbuilt is the most effective.

Ms. TURNER. Well, first let me point out what will be funded with Stark-Harris on the Green Line.

Mr. Egbert, do you want to point that out?

Stark-Harris covers Anacostia to U Street and then from Fort Totten out to Greenbelt. Those are the two segments on the Green Line that are within the Stark-Harris authorization. That leaves from U Street to Fort Totten and from Anacostia down to Branch Avenue into southern Prince George's County to be funded beyond Stark-Harris.

Senator ANDREWS. That is the part that is most cost effective. The completion of that southeast line beyond Anacostia is also hanging out beyond Stark-Harris, as I understand.

Ms. TURNER. That is right. Construction beyond Anacostia down into Prince George's County and on to Branch Avenue is a piece that is in the latter part of the construction program.

Senator ANDREWS. You are not even getting to the boundary of the District on that southeast line before you run out of Stark-Harris.

Ms. TURNER. We believe that the section between Anacostia to U Street is the section that is the most cost effective, and that is the section that serves again the largest percentage of the disadvantaged.

TWENTY-FIVE PERCENT REDUCTION

Senator ANDREWS. The Senate Budget Committee is proposing a 25-percent reduction in all mass transit funding. What would Metro's construction program be if \$187.5 million were appropriated under Stark-Harris for fiscal year 1986?

Mr. EGBERT. We would have to reduce the program and adjust some projects. We could submit that for the record, because it requires a detailed analysis.

Senator ANDREWS. If you would, it would help.

Mr. EGBERT. We would have to make some substantial adjustments.

Senator ANDREWS. Since that has been passed out by the Budget Committee, I think it would be worthwhile if you could give us a fairly

accurate, not too detailed overview. Until, of course, we know what the final decision of the budget is going to be, it would be wise to get that up to us. In the floor discussion on the budget that information could be very important, because it could be used in conjunction with a number of other projects as indicative of how cost effective this 25-percent cut is.

[The information follows:]

The Authority's fiscal 1986 program totals \$312.5 million. A 25-percent reduction amounts to \$78 million. The fiscal year 1986 budget was developed based on an analysis of the current status of all functional elements, reasonable projections of future progress, and a financial analysis of all program accounts. The 1986 program and subsequent budget years would need to be restructured to minimize the funding reduction and to preserve to the extent possible the operating dates for the remainder of the system. The funding reduction would be taken in areas such as the contingency account, which is now low. This would create risk since the contingency account permits management flexibility to continue an uninterrupted program even when funding authorizations are late or bids are higher than the budgeted amounts.

In the long term, a funding reduction of 25 percent in 1986 would be very costly to the overall project for several reasons. First, extremely good bids have been received on major contracts during the past 2 years and WMATA would like to continue to take full advantage of this bidding environment. Second, the Metrorail construction cost index for inflation was under 2 percent in 1984. Finally, if a funding reduction is not made up in subsequent years it will have an adverse ripple effect on work sequencing through project completion and would extend the system completion date.

APTA POSITION

Senator ANDREWS. In your opening statement you supported the American Public Transit Association's view that the transit industry would support an equitable across-the-board freeze on funding. Would you also support an equitable across-the-board reduction in transit funding?

Ms. TURNER. We believe and support the position of the American Public Transit Association [APTA]. Our concern is that the mass transit portion of that budget has taken a disproportionate cut in transportation dollars. And while we recognize the budget deficit and all of the considerations and constraints, we are concerned that transit receive a higher priority in transportation dollars.

DELAY IN GRANT APPROVALS

Senator ANDREWS. Your statement indicates that Federal grant requests for fiscal year 1985 have not been approved. Has UMTA given any reason for the delay?

Ms. TURNER. We have two projects in the fiscal year 1984 program that have not been approved, and we have not yet received approval on any fiscal year 1985 grants. We just received on Tuesday a letter from the UMTA administrator laying out certain terms and conditions for moving the rail construction program forward. We are pleased to receive his letter. We want to work with the Administration, and we will try to work out a program and a process that will move our program forward. It is important to move those grants. The longer those grants are delayed, the more costly it becomes. Just as we believe

the \$250 million for the Rail Construction Program enables us to complete the system in the most cost effective way given the good bidding climate and the conditions that exist now for construction, so it is important for us to move those grants. We submitted our fiscal year 1984 projects in January 1984 and our fiscal year 1985 program in September 1984.

Senator ANDREWS. Could you or Mr. Stanley submit the contents of that letter for the record?

Ms. TURNER. Yes; we would be happy to.

Senator ANDREWS. We would like to have that information.

[The information follows:]

LETTER FROM RALPH L. STANLEY

MARCH 19, 1985.

Mrs. CARMEN E. TURNER,
General Manager, Washington Metropolitan Area Transit Authority,
600 Fifth Street NW., Washington, DC

DEAR MRS. TURNER: In a letter dated December 4, 1984, Mr. John Milliken informed me that the WMATA Board and all jurisdictions have ratified the fourth Interim Capital Contributions Agreement [ICCA-4]. I assume that the content of the Agreement adopted is identical to the draft copies which were earlier provided to UMTA.

We have completed our review of the draft Rail Construction Program (Exhibit 1, ICCA-4) and, except for certain expenditures scheduled in fiscal year 1989, agree in principle with the definition of operable extensions which can be constructed with the remaining Stark-Harris authorization. With final ratification of ICCA-4, we are now prepared to discuss with WMATA staff the details of the adopted Rail Construction Program and funding schedule.

As you will recall, I have discussed with you and other WMATA officials the necessity of a contractual agreement that assures completion of the additional operable segments of the system proposed under ICCA-4, either with the remaining Stark-Harris authorization or, if not sufficient, other non-Federal funds. The fiscal years 1985-89 Metrorail Construction Program requires \$1.210 billion of additional Federal funds which is certainly a major capital investment. Our current standard contract form for such major multiyear commitments is commonly referred to as a full funding contract, and we need to discuss the terms of such a contract with you.

I understand that WMATA staff has reviewed previous UMTA full funding contracts covering major transit construction projects in other cities. WMATA's situation is unique in that the system is partially completed, so that some modification and variation from the standard full funding contract will be necessary. I, therefore, suggest that WMATA develop a proposed agreement for our consideration.

We are prepared to work with you to develop an agreement and, to facilitate this effort, have assigned our chief counsel, Mr. Joseph A. LaSala, Jr., to advise and assist your staff as necessary.

I am sure that with your cooperation we can quickly complete this agreement and move forward with Federal funding of the construction program envisioned in ICCA-4.

Sincerely,

RALPH L. STANLEY.

COST FORECASTS

Senator ANDREWS. A September 14 Washington Post article stated that the Metro board of directors estimated the total cost of the 101-mile system would be \$9.2 billion. That is a sizable decrease from previous estimates of \$12 billion. Can you detail the reasons for this decrease?

Ms. TURNER. The primary reason for it is the manner in which we have laid out the construction program and phased it in, but also the reduction in the CPI and the favorable bidding climate.

Senator ANDREWS. Mr. Stanley has been quoted recently as saying that Metro operated in a realm of Disneyland economics. He sees Metro losing a half billion a year once the system is complete. Does Metro see the deficit growing to that figure in the near future?

Ms. TURNER. First of all, let me say that we are very serious about what we do. We are concerned both with building the system in the most cost effective way, and we also recognize that we must operate it in the most cost effective way.

We have taken a number of steps to control our costs this year on the operating side. We have reduced our administrative overhead. We have reorganized and we have set up management procedures that hold our costs down. We will turn back to the local jurisdictions \$11 million in operating subsidy for fiscal year 1985.

We are not out of step with reality, and we recognize that cost containment and cost management is critical. We are looking at the operating deficit. We have a cost-recovery ratio of 50.8 percent. We see that increasing somewhat over the coming years. We want you and the Congress to know that we not only plan to build the rail system in a cost-effective way, but we are also committed to operate it in the most cost-effective way.

Senator ANDREWS. Did you see the analysis he used to make those statements, or did you get a chance to officially comment on them?

Ms. TURNER. We have seen lots of numbers, and depending on the case you want to make, we all know that you can generate and you can build numbers to support that case. We, too, have put together what we believe represents at least the operating subsidy through 1990, and we see that at \$291 million.

Senator ANDREWS. That is a far cry from half a billion.

Ms. TURNER. That is exactly right.

Senator ANDREWS. Mr. Stanley, how did you get those figures?

Mr. STANLEY. That figure, Mr. Chairman—

Senator ANDREWS. Are you using Disneyland economics?

Mr. STANLEY. No, sir. The only economic analysis we had available to UMTA is known as the Net Income Analysis done for WMATA back in 1980. The \$500 million operating deficit or, as the chart on the right indicates, somewhat in excess of \$400 million, is predicated on the full 101-mile system in which the WMATA board fully expects Congress to fund and build to completion. If that assumption is correct, that full 101-mile system and the associated bus service will generate a local operating deficit in the realm of \$400 to \$500 million.

DEDICATED REGIONAL TAX

My concern is as we work together on a full funding contract that covers the balance of Stark-Harris, that there is on the operating assistance side, a significant financial obligation that will have to be assumed once construction is complete.

There is a broad support for the Metro system here in Washington, and I think the Board, in terms of planning ahead financially, is going to have to start to take serious steps toward raising, through either a regional tax or otherwise, the funding necessary to operate the system once it is complete. And the \$291 million operating deficit, I do not think, is based on a full 101-miles system.

Senator ANDREWS. Do you think the various local governments can afford to provide the level of subsidy needed in the future?

Mr. STANLEY. I think that there is broad support for the system as the committee well knows, but the way the Federal operating assistance formula works, that kind of funding from the Federal Government simply will not be available. The local governments, the region, and the State governments are going to have to provide that level of operating assistance, or somewhere near that level of operating assistance, and not necessarily by choice.

Senator ANDREWS. In other words, you are telling the local governments that they are going to have to make up that \$290 or \$500 million, depending on whoever is correct on the subsidy.

Mr. STANLEY. Yes.

SUBSIDY FOR LOW-INCOME RIDERS

Senator ANDREWS. That leads me to another thing then. The Secretary of Transportation, Secretary Dole, argues to the subcommittee against subsidizing Amtrak because it is a middle-class subsidy and therefore unfair.

Now, the administration's original proposal for UMTA cut almost 70 percent of the funds for mass transit, which is used by an extremely high number of lower income riders. Where is the equity for any riders of publicly supported transit, be it rail or bus or elevated lines? Are you defining equity as complete Government withdrawal from transportation other than to provide tax deductions for the very wealthy who can ride whatever they want to ride?

Mr. STANLEY. In the seventies when operating assistance went close to \$1 billion, analysis after analysis indicated that the way we distribute operating subsidies does not directly benefit the poor transit-dependent riders as effectively as it could.

I will be the first to say that transit ridership is largely the poor, lower class transit-dependent people of our society. I will also be the first to say that the way we distribute the operating subsidies by just subsidizing major and large regional transit systems rather than targeting them on a user side subsidy basis is not a very efficient way of getting direct fare relief to the transit-dependent.

I will say that we are going to take a look at this. If you look at the actual fares that are generated by the bus system in the Washington metropolitan area, it is likely that the transit-dependent in downtown Washington have subsidized those routes.

Senator ANDREWS. In other words, you are against Washington mass transit because it subsidizes the foxy commuters that come in from the wealthy suburbs?

Mr. STANLEY. I think we are directing—

Senator ANDREWS. I think you will find a way of getting at those higher income people. The only thing is if you take this kind of a slash, who suffers most? I suspect the poor. Here we are leaving off until last the southeast area line that takes care of many of the poor. It is a densely populated area; transit is heavily used. And then you say you can justify these kinds of cuts because there are a lot of riders that come in from wealthy suburbia.

Mr. STANLEY. No; I would say the choice of what construction elements are going to be built on this rail system has been agreed upon by the WMATA board. I was surprised in looking at it in terms of cost efficiency. Some choices were made to build certain segments that are not as cost effective. But UMTA has not participated in choosing which segments are to be built. In fact, in December when the choice was made to extend the system of 101 miles to about 103 miles with an additional cost of \$131 million, we were not notified or consulted nor, as I understand it, were any of the committees in Congress.

Senator ANDREWS. The administration has proposed eliminating section 9 operating assistance. Your budget request includes \$18½ million in such funds. If you do not receive these funds, what actions are going to be taken?

Ms. TURNER. We would certainly have to go back and look at our ability to provide service. We would probably have to make some reductions in service, or we would have to raise fares.

Senator ANDREWS. What would the fare rate be?

Ms. TURNER. I do not have a proposed fare rate if we have to go back and increase fares as a result of losing operating assistance, but we can give you an estimate for the record.

[The information follows:]

With regard to the impact on fares, it is now too late to initiate a fare increase for the start of the WMATA fiscal year 1986 (beginning July 1, 1985). However, if fares were increased on July 1, 1985, to make up the \$18.5 million shortage in Federal operating assistance, both bus and rail fares would have to be increased by more than 10 cents. A flat 10-cent increase in the boarding charge for both bus and rail would generate about \$16.7 million annually.

OPERATING COST FORECAST

Ms. TURNER. I would like to go back, though, to the whole question of the net income analysis, which is the basis for Mr. Stanley's chart, and ask Mr. Boleyn, who is our Assistant General Manager for Finance, to go through that, because the assumptions on which that chart is based are significantly different from the assumptions that are now in existence.

Senator ANDREWS. Has he got Mr. Stanley's chart, which is over there? That was put together without allowing you to comment on the assumptions?

Ms. TURNER. The first time we saw his chart was this morning. Over time the assumptions for the 1980 Net Income Analysis have changed, and I would like Mr. Boleyn to speak to that.

Mr. BOLEYN. Let me just point out, Mr. Chairman, that the assumptions on which that chart is based have changed substantially. The information that Mr. Stanley is using was included in the stable and reliable report which we made to the Department some years ago, and it included an analysis which envisioned 8.8 percent inflation. As we all know, that has substantially changed and is still changing.

The Net Income Analysis envisioned an extensive bus network in the District of Columbia which will not occur. The analysis also assumed a fare policy which envisioned the recouping of about 50 percent of the consumer price index [CPI] in the District. In other words, if the CPI went up 6 percent, we would recoup one-half of that in a fare increase. Over the past few years, we have recouped a rate equal to full CPI or greater. So those assumptions are no longer valid, and they, of course, have a significant impact on that kind of analysis and projection.

Mr. STANLEY. If I could just reply briefly.

Senator ANDREWS. Surely.

Mr. STANLEY. I will be the first to admit the last projection that was done was based on set assumptions which may indeed be slightly out of date. There are other assumptions in there in terms of the schedule of the opening of various aspects of the line that are also out of date. And again, I stress to the committee that there are assumptions that are based on the full completion and operation of the 101-mile system, and a bus network that is envisioned to support that system.

I would say even with the displacement factor, in the realm of 4 to 5 percent given the bus network, and unless there is a remarkably higher recovery in fares, a deficit on the order of \$400 million is very realistic. I would also say we are eager to update that net income analysis to make sure that we can report to this committee and Congress, and to the local residents exactly what the operating deficit upon completion of the system will be.

Senator ANDREWS. Well, could you do that for the record?

Mr. STANLEY. Yes.

[The information follows:]

Like the committee, numerous other groups are seeking an update of the 1980 Net Income Analysis, and UMTA has started preliminary discussions with several of them. We are presently arranging a meeting with local and State governments, regional agencies, and private organizations, all of which want updated financial information. The purpose of the gathering will be to discuss the scope, schedule, and management of a Washington area transit financial analysis which could serve all our needs. We invite the participation of any interested congressional representatives in these discussions.

FULL FUNDING CONTRACT

Senator ANDREWS. Timeliness is extremely important as well.

In her opening statement Ms. Turner mentioned that the Metro construction schedule was in jeopardy because of delays in approval of the 1985 grants. You are the one who is kind of sitting on that money, Mr. Stanley. Is the delay due to the negotiation of full funding provisions which limit federal financial participation in particular projects?

Mr. STANLEY. There are two grants before us now for 1985 funding. One is approximately \$35 million for consultant and project management services which we foresee no problem in approving. The other grant includes about \$116 million. There is also the issue of the carryover funds for fiscal year 1984. We intend to fully comply with the committee's language that no grants be withheld solely on mileage limitation. And we hope that in the very near future we will be able to negotiate, with the support and participation of Congress, a multiyear full funding contract which we would present here and which would include all these construction funds.

I find no reason to delay the \$35 million grant before us. I feel that we can consummate an agreement on a full funding contract in a timely enough fashion that will not significantly delay any construction plan, and it should not significantly delay whatever construction elements are able to go within the 76 miles which are part of the single grant.

Senator ANDREWS. Thank you, Mr. Stanley.

Ms. TURNER. We are pleased to hear that Mr. Stanley has no problem moving the construction management grant. I would say that every day the grants for the construction of that project are delayed costs us money. We want to sit with Mr. Stanley—we received his letter on Tuesday—to work out resolution to a number of the issues in his letter, but we would also appeal to Mr. Stanley and to the Congress to assist us in keeping our construction program on schedule and moving those grants.

The two grants in fiscal year 1984 and the grants in the fiscal year 1985 program can—if we can move those, it certainly will help us to control our costs and to keep our program on schedule. So we think it is important to do both.

Senator ANDREWS. Thank you.

Senator CHILES.

BUDGET REDUCTIONS

Senator CHILES. Thank you, Mr. Chairman.

I have always supported the Metro funding, but I notice, Mr. Stanley, that the \$250 million requested for Metro represents a continuation of last year's funding level. At the same time that this mass transit construction program is being funded without reduction, the UMTA budget proposes ending all mass transit assistance except the penny a gallon gasoline transit tax. What is the reason for the different treatment being given the two programs?

Mr. STANLEY. The primary reason is the separate authorization that Congress has under the Stark-Harris legislation. The second reason is the recognition within the administration that the Stark-Harris, as presented back when it was passed, will not complete the 101-mile system but will leave it some \$2 billion short. In our interest to constrain the costs and give WMATA some assurance to multiyear funding based on authorized funds, they should get a commitment from us for the balance of that legislation.

In terms of equity, there is not a case to be made in the treating of the WMATA system as opposed to other systems around the country?

Senator CHILES. You say there is not?

Mr. STANLEY. There is not a case to be made on that basis. I have a difficult time explaining to other cities how Stark-Harris—

Senator CHILES. I want you to know I have a difficult time explaining to my cities the rationale. One of the cost reductions that has been suggested is the possibility of not constructing future stations the same size as those currently being built. This goes to, for example, platforms of four to six cars would become the new standard rather than the current eight-car standard.

Is there any reason why these or other efficiencies should not be put in place so that a smaller amount of funding would still be adequate for the construction of the same or projected number of miles?

Ms. TURNER. We are certainly interested in constructing the system in the most cost effective way and would like to see those recommendations and do the analysis. And if there are ways in which to cut our costs or control our costs, we want to be aware of those.

We believe that we have designed a system that is cost effective and that will meet the operating requirements of the full Metrorail system.

HANDICAPPED ACCESS TO RAIL CARS

Senator CHILES. Last year there was testimony from the Architectural and Transportation Barriers Compliance Board that indicated that Metro had recently purchased subway cars that were 2 inches higher than the platform and the earlier purchased cars. That seemed to present a significant barrier to the use of subways for the handicapped.

Was that an accurate statement about the new Metro cars? And since the purchase of these cars, has Metro encountered any problems in the subway use by the handicapped?

Ms. TURNER. The new Italian-made cars are a little higher than the other cars, but we have adjusted or taken care of that problem by adjusting the wheels. And that is, when we true the wheels and get rid of the flats, that lowers the car.

Mr. Egbert may want to speak to that more. But we have tried now to make sure that the Italian cars are level with the platform just as the Rohr cars by doing some adjustment in our own maintenance yard.

Senator CHILES. I have some other questions, Mr. Chairman, that I will submit for the record. I understand the Barrier people will be coming up next.

Senator ANDREWS. Yes; thank you, Senator.

Senator Lautenberg.

Senator LAUTENBERG. I am sitting in because I'm on the District of Columbia Appropriations Committee, also, Mr. Chairman, the subcommittee, and I just wanted to hear the testimony. I have no questions.

Senator ANDREWS. Thank you very much, Senator. Thank you for coming.

SUBMITTED QUESTIONS

I have a number of questions for the record, as I am sure other Senators will have. And we appreciate your cooperation. It is good to have you here this morning.

Ms. TURNER. Thank you very much.

[The following questions were not asked at the hearing but were sub-mitted for response for the record:]

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

QUESTIONS SUBMITTED BY SENATOR ANDREWS

SENATOR ANDREWS: Are the concerns expressed last year no longer valid or is Metro resigned to the administration \$250 million level?

ANSWER: The concerns expressed last year are still valid. If a \$415 million annual appropriation level were available, the 103 mile system could be completed earlier and at a lower cost. Most importantly, the Stark-Harris authorization would fund a larger portion of the 103 mile system.

However, when developing the Fourth Interim Capital Contributions Agreement (ICCA-IV) the WMATA Board of Directors agreed to adhere to the written guidance from the UMTA Administrator. That guidance was that the plan to utilize the remaining Stark-Harris authority should be based on a \$250 million annual federal appropriation.

SENATOR ANDREWS: The budget justification indicates Metro will be able to complete 89.5 miles under the Stark-Harris authorization. How would this total change if the FY 1986 budget request were reduced or increased?

ANSWER: A higher federal support level would permit more contracts to be bid which may save substantial costs if the favorable bidding climate that has been experienced over the past 2 years continues in fiscal 1986.

Based purely on the construction program and budgeting assumptions of 4.5% for inflation in FY 1986, approximately \$8.5 million would be saved.

NEW START CRITERIA

SENATOR ANDREWS: Has Metro rated the remaining segments using the new start criteria? If not, are there plans to do so? Do you think this would help Metro's chances of receiving funding beyond the Stark-Harris authorization?

ANSWER: UMTA's proposed New Start Policy encompasses a system to evaluate and rank new transit projects vying for UMTA capital assistance funds (Section 3). In as much as the Washington Metrorail system has been fully endorsed by Congress and the Executive branch and has its own dedicated funding authorization (Stark-Harris P.L. 96-184), it is not subject to the New Start criteria for determining Federal funding eligibility.

Consequently, WMATA has not applied the new start criteria to its remaining segments. However, if it required to do so, in order to receive additional funding beyond Stark-Harris, WMATA would of course perform the analysis. It must be stated, however, that WMATA analysis of the new start ranking criteria has determined several inconsistencies which work against those systems which are already in an operating mode and which are proposing route extensions. The current UMTA formula works unfairly to the benefit of proposed new systems.

On March 19, 1985 WMATA submitted to American Public Transit Association (APTA) an extensive set of comments and recommendations to correct these inconsistencies in the formula. It is anticipated that APTA will endorse most or all of these recommendations, the outcome of which would be an equitable ranking system.

SENATOR ANDREWS: What has the ridership been on the Shady Grove extension, and what is predicted for it next year?

ANSWER: Based on the latest counts taken at the new Shady Grove extension stations, daily boardings and alightings are averaging about 60,000 per day. It is anticipated that this will increase to 70,000 trips per day within the next year.

SENATOR ANDREWS: Under the Administration Budget, Metro receives only about a 10 percent reduction in Federal Funding. Do you think this is equitable when nearly all other Transit Agencies would receive a cut, of at least 40 percent?

ANSWER: Although WMATA's across the board cut is 10%, the full amount of the cut falls in the Section 9, and Section 3 programs. This amounts to a 55% cut under the Administration's proposal in WMATA's capital improvement and equipment program. A 55% Section 9/3 cut is not equitable nor is a 40% cut for other transit agencies equitable.

SENATOR ANDREWS: The Administration proposes to terminate new start funding while continuing WMATA's construction at the current level. How can this apparently inequitable treatment be justified? Are the segments Metro would be building more cost-effective than all the other projects proposed throughout the country?

ANSWER: WMATA fully supports continuing new start funding for the various projects around the country. It would be inequitable to cut-off funding for these projects. WMATA's current level of Federal funding, \$250 million per annum, is already greatly reduced from the \$350 million to \$450 million annual level required to satisfy an optimum annual construction schedule. As for cost effectiveness, comparative statistics are not readily available but the Metro system would rank very favorably with the many newer projects proposed or just started across the country.

SENATOR ANDREWS: Why do you feel the Administration budget reductions would be disastrous to public transportation in cities and regions both large and small?

ANSWER: The Administration's budget request for UMTA would reduce UMTA funding in FY 1986 by over 70% from FY 1985 levels. It would eliminate all operating assistance, and reduce capital aid to a formula program funded totally by the one cent gas tax.

For small transit systems, an immediate cut-off of operating assistance would, in many instances, put them out of business. It would leave small communities throughout America unable to provide even minimal public transportation services. Smaller areas are heavily dependent upon such aid. It provides, in many cases, 40% or 50% of their operating needs. A sudden cut off would not allow local and state governments time to make provision for the lost revenue.

In the large metropolitan areas the lost operating aid would be painful. The lost capital assistance would be seriously damaging. Older systems have huge needs for funding for rail modernization. The formula funds available to them under the proposed budget fall extremely short and would not permit the kind of work necessary. And, of course, cities which have systems which need extensions, and cities which need new systems, would be left out in the cold, as no money would be available for them.

SENATOR ANDREWS: Metro's cost recovery ratio of 50.8 percent is laudable. How do you defend continued subsidies to Transit Systems with cost recovery ratios as low as Boston (29 percent) and Detroit (27.9 percent)?

ANSWER: The Authority has worked very hard to develop and implement major cost containment efforts. The WMATA Board of Directors adheres to a policy of annual fare increases equal to the annual increase of the Washington area consumer price index. The combination of these efforts along with prudent management have helped to achieve a high revenue/cost ratio.

It is difficult to defend or criticize the recovery ratio of other Transit Properties. Many socio-economic, as well as political, factors could make it more difficult for Detroit and Boston to achieve a high recovery ratio. The per capita income is lower than in the Washington region and the unemployment rate is higher. Therefore, annual fare-increases may not be possible. On the cost side, the systems in these cities are older and maintenance would be more costly.

SENATOR ANDREWS: Would it be a "Disaster" if systems were forced to achieve a cost recovery ratio as high as yours?

ANSWER: It certainly would present a serious hardship to transit properties and the Communities if this were forced on other systems in one year. WMATA has always had a relatively high revenue/cost ratio in comparison to other properties. Thus, when the WMATA Board of Directors initiated its effort to improve the revenue/cost ratio, there was a solid base to work from. It has taken WMATA two fiscal years to achieve the 50.8 percent goal from a 46.6 percent low in 1983. If it were feasible for other properties to achieve this goal, it would require several years of effort and difficult political decisions.

CONTRACTING CLIMATE

SENATOR ANDREWS: Last year, you testified that the contracting climate was very favorable, that bids on the construction program were significantly lower than the engineer's estimates. Is this favorable climate continuing?

ANSWER: During the past 12 months, the Authority has continued to receive exceptionally favorable bids. The Authority's estimates totalled \$92 million and the low bids amounted to \$72 million for two major construction contracts.

SENATOR ANDREWS: Were the savings you mentioned last year sufficient to allow Metro to bid additional segments? Have you obligated the full \$250 million made available in FY 1985? If not, when will you do so and what are the reasons for delay?

ANSWER: The savings in the FY 1983 and FY 1984 programs are sufficient to allow for:

- . an 80 percent reduction in the planned contingency for FY 1985;
- . accelerated construction of sections E-1b and E-2a, the Shaw Station and the U Street Station and line on the Mid-City line.
- . accelerated procurement of rail cars programmed for FY 1986; and
- . eliminating the need for the FY 1985 portion to the insurance grant.

UMTA has not yet approved any of the Authority's FY 1985 grants. As soon as these are approved, WMATA will begin to obligate the funds.

SENATOR ANDREWS: Does the estimate of 89.5 miles completed under Stark-Harris assume the favorable contracting climate will continue?

ANSWER: The estimate to complete 89.5 miles of the system was based on estimates from the Authority's section designer for work under final design and based on general plans estimates for work that has not begun final design. To a limited extent, the estimates for near term work (i.e. some fiscal 1986 projects that have been designed) reflect the trend of lower costs experienced through recent favorable bidding. It would not be prudent to expect this trend to continue through completion of the 89 miles which is now projected for late 1992. The estimates include 4.5% for inflation each year through 1988 and 5.5% thereafter. These rates are in line with budgeting guidance used by the Office of Management and Budget and the Congressional Budget Office.

OPERATING DEFICITS

SENATOR ANDREWS: Do you think the various local governments can afford to provide the level of subsidy needed in the future?

ANSWER: The local governments have maintained their financial commitments to the construction and operation of the system. In 1979 when the Secretary of Transportation mandated that WMATA have stable and reliable revenue sources for operating and debt service costs, the local and State governments initiated a series of legislative actions to establish these sources. At that time a review of WMATA deficit forecasts and local revenue forecasts was prepared. These forecasts were taken into consideration during the legislative process.

The various State/local bills/ordinances were all in place by July 1982. In August 1982 the Secretary of Transportation certified that stable and reliable resources were in place sufficient to fund current and future subsidies for operations and debt service.

SENATOR ANDREWS: Rail ridership per car-mile is predicted by you to go from 4.92 in FY 1984 to 3.60 in FY 1986. This 26.8 percent decrease in two years is troubling. Doesn't it imply growing deficits if not reversed?

ANSWER: There are several factors which caused the decrease in passengers per car-mile. The major one was the opening of the Shady Grove segment, which expanded the rail system by about 14 miles, or 22 percent. This segment basically serves the suburban areas of Montgomery County, which do not have the population and employment density as the remaining portions of the operating system. In addition, this new segment has one rail station for each 1.53 miles of service, compared to one rail station per 1.00 mile of service in other portions of the system, which results in far less service on the new segment.

In addition, since the new segment extends far into the suburbs, and the Authority charges fares based on miles traveled, the average fare paid by the riders on the new segment averages about \$1.40. Average fare paid by other patrons of the system is

almost \$1.00, which means that each of the new riders is paying a 40 percent higher fare than riders in the rest of the system.

Finally, it should be noted that the revenue/cost recovery for the rail system in FY 1986 is about 65 percent. The recovery on the Shady Grove segment, however, is almost 80 percent. In short, due to the higher fares paid by the patrons using the new segment and the lower cost per mile of operating this segment, the deficit on a per-mile basis has declined from \$2.98 in FY 1984 to \$2.27 in FY 1986, which implies a declining deficit.

SENATOR ANDREWS: How would Metro operating costs be affected if only 89.5 miles were completed? What changes in yards, terminals and operating strategies would be required?

ANSWER: There are operational and political implications in cutting back the full system. The operational implications center on the fact that this system was designed to be a 103 mile system. Yards and large parking facilities have been planned at the terminal stations in relatively low density areas of the region. If the system is shortened and these terminal stations are not built, the cutback system will not be able to handle the traffic demand and there will be significant parking and traffic congestion problems in the neighborhoods around the rail stations. These effected neighborhoods are in high density sections of the region where traffic problems already exist. Therefore, instead of helping these neighborhoods as planned with a 103 mile system, a reduced system will compound the existing traffic and environmental problems. Operation of the system and the cost of operating the system will be impacted because yards will not be adequate to maintain and store the rail cars needed to operate a reduced system.

The political implications are equally critical. Governments in the region have been contributing to the construction of a full system. It is a system being built from the center of the City out into the suburban jurisdictions. A firm commitment to 103 miles has, in effect, been the glue that holds these governments together. It is politically essential that we go beyond 89.5 miles so that the local governments who have contributed for years can continue to have confidence that progress is taking place on their lines. The region has paid its share on the promise of a full system. That promise must be kept.

CAPITAL IMPROVEMENT PROGRAM

SENATOR ANDREWS: The proposed UMTA budget would not only eliminate operating assistance, it would also reduce the amount of federal capital assistance. In Fiscal Year 1985, Metro is planning on receiving about \$58 million from Section 3 and 9 for capital improvement programs. If the UMTA budget were enacted, how much would Metro expect to receive? What changes would this require in the capital program? What approach would you take for dealing with this situation (i.e., Defer replacements, reduce spare fleet, request additional local funds, raise fares, reduce costs or some combination)? Why?

ANSWER: WMATA is expecting to receive 39.3 million in FY 1985 Section 9 capital funds. WMATA's current capital program for FY 1985 would require Section 3 funding of \$18.6 million. Since the Section 3 level is wholly at UMTA's discretion, WMATA does not know how much of the \$18.6 million will be available. In FY 1984 WMATA received no Section 3 funds.

Concerning FY 1986, under the Administration's proposal, WMATA would receive approximately \$26.5 million in total Section 9 funds. No Section 9 operating funds would be provided. It would also be assumed that WMATA would receive some Section 3 discretionary funds but how much is very difficult to say. Only UMTA would know that answer. Concerning what changes would be required in the capital program, first the garage replacement program would have to be stretched out longer than planned, thus delaying much needed facility improvements. Equipment replacement program would also be delayed somewhat, resulting in an older Metrobus fleet operating on the streets of Washington. Although additional local funds could provide some offset to the Federal reductions, WMATA costs are already major component of the local jurisdiction's budgets. This coupled with other local agency commitments makes it difficult for local governments to raise the additional funding required to offset the Federal capital reductions.

As for reduced Federal operating assistance WMATA would consider further operating cost reductions, fare increases, some additional local contributions, or some combination of these to balance the operating budget.

SENATOR ANDREWS: The Metro Capital Improvement Plan calls for \$23 million to replace one-twelfth of the bus fleet. This implies average bus life of twelve years. What mileage has the average bus obtained when it is retired? Given the unreliability of some of the newer buses (i.e., Neoplan), might it not be economical to keep buses longer? How much do maintenance costs increase after 12 years (or the equivalent mileage)?

ANSWER: The labor and material costs of maintaining an aging fleet is of major concern. Most importantly, it effects service reliability and patronage. Thus, it has a direct bottom line effect on both costs and revenues. UMTA's recommended bus retirement age is 12 years for new buses and 7 years for rehabilitated buses. A recent analysis of engine replacement, engine overhaul, in-chassis and transmission overhaul costs on 23 GMC buses disclosed that 50% of the parts and labor cost was expended in the first 11 1/2 years. The remaining 50% of the cost was expended during the last 5 1/2 years of service. This indicates a doubling of annual maintenance costs for a bus over 12 years of age. The above data does not consider other areas such as body, electrical, brake, fuel, A/C, upholstery and cosmetic repairs. The buses retired by the Authority have average 350,000 miles.

LOCAL JURISDICTIONS

SENATOR ANDREWS: With the increasing cost of Metrobus service, various local jurisdictions have begun their own bus operations. Would you update the committee on the status and level of local operations?

ANSWER: The current status of jurisdiction plans to supplement or replace Metrobus service are as follows:

1. District of Columbia - no plans or studies are being contemplated at this time.
2. Arlington County - has set aside funds in next fiscal year's budget for a consultant study of replacing 12

- Metrobus routes (15% of current service) with services operated by the County or a private provider.
3. City of Alexandria - initiated DASH service one year ago by operating five routes with 17 vehicles. Current plans may consider some expansions of DASH service, and re-routing of Metrobus service. The rerouting of Metrobus would not reduce the overall supply (miles and hours) of service.
 4. Fairfax County - Fairfax County will take over and operate nine Metrobus routes in the Huntington station area in September 1985. Future plans will address takeover of Metrobus re-routing resulting from the opening of the Vienna Metrorail segment. Fairfax County currently assumes this will occur by mid-CY 1988; sites for a garage location to support these services are currently being examined by the County.
 5. Fairfax City - is currently conducting an UMTA funded study of \$60,000 to assess service alternatives to the Vienna Metrorail segment. Initial findings indicate that their CUE contract service will undergo route changes and possibly a minor expansion. Impacts on Metrobus will be minimal because of potential plans by Fairfax County.
 6. Falls Church - will conduct a \$50,000 study to assess local services to the East and West Falls Church Metro Stations, as well as the initiation of neighborhood service. Impacts will be felt by Metrobus, but most interjurisdictional services should not be affected.
 7. Prince George's County - a study is now underway to assess management alternatives to Metrobus, and possible service expansions to developing portions of the County. Metrobus could suffer substantial losses as a result of this study.
 8. Montgomery County - Ride-On and Metrobus seem to have struck an even balance in the County with clearly defined service responsibilities. Montgomery County will expand Ride-On into the Wheaton/Glenmont areas when the Metrorail system provides service to that area, but there are no plans to reduce or eliminate Metrobus service.

SENATOR ANDREWS: The Interim Capital Contributions Agreements commit jurisdictions to the Rail Construction Program only. Can jurisdictions drop out of Metrobus Service? Metrorail Service? What would be the impact on the other jurisdictions if one or more jurisdiction dropped out?

ANSWER: Pursuant to Article 83(b) of the Washington Metropolitan Area Transit Authority Compact, "any signatory thereto may withdraw therefrom upon two years' written notice to the Board [of Directors]". However, Article 83(c) provides further:

"The withdrawal of any signatory shall not relieve such signatory, any transportation district, county or city or other political subdivision thereof from any obligation to the Authority, inuring to the benefit of the Authority, created by contract or otherwise".

Based on the terms of Article 83 noted above, the jurisdictions have the authority to withdraw from the Metrobus and Metrorail programs. However, due to execution of various agreements and legislation enacted by the local jurisdictions (i.e., ICCA and Stable and Reliable Funding) and the Authority's reliance thereon

in obtaining federal funding, it is WMATA's opinion that the jurisdictions would remain liable for their respective local shares of matching funds, and other obligations incurred by the Authority prior to the withdrawal, in accordance with Section 83(c).

SENATOR ANDREWS: Local jurisdictions have been considering other service arrangements to reduce their costs. Do you have figures on the cost of private operators under contract versus regular Metrobus service on various routes?

ANSWER:

FY 1985 OPERATING DATA FOR WMATA AND LOCAL BUS OPERATIONS

	<u>Metrobus</u>	<u>Montgomery County Ride-On Service</u>	<u>Alexandria DASH Service</u>
	WMATA	Jurisdiction	Contractor
o Contract or Jurisdiction			
o Number of:			
o Buses	1,633	169	17
o Employees	4,291*	312	44
o Annual miles operated	50,172,000	5,000,000	515,000
o Total annual passengers	127,300,000	8,000,000	800,000
o Passengers (annual) who also use Metro- bus and/or Metrorail.	Not Applicable	Approx 1 Mil.	100,000
o Cost information:			
o Total annual costs	\$226,987,000	\$16,000,000	\$1,200,000
o Operator's hourly rate	\$16.946 w/fr.	\$11.25 w/fr	\$7.50w/fringe
o Share of costs, if any, subsidized by other jurisdic- tional services.	Not Applicable	Unknown	Maintenance, Accounting
o Cost per Mile	\$4.52	\$3.20	\$2.33
o Cost per Passenger	\$1.78	\$2.00	\$1.50
o Subsidy Per Passenger	\$1.10	\$1.38	\$0.94

* Staff year assigned to Metrobus operations.

SENATOR ANDREWS: It would seem that if private operators are more efficient than WMATA, local jurisdictions will come under more and more pressure to increase the use of private operators and reduce WMATA service. Would service reductions increase WMATA cost per bus mile? Would WMATA be able to reduce overhead costs?

ANSWER: The WMATA Board recently initiated a study to determine the answers to these questions and to determine how to eliminate or at least minimize any adverse impact of local bus operations on WMATA unit costs. This study will be completed in December 1985.

Certain implications of reduced Metrobus service are known. The impact of service reductions on Metrobus cost per mile depends on the type of service being reduced. If the service is long haul rush hour only service operating through various residential neighborhoods, the reduction in service could reduce WMATA costs per mile. If the service operates throughout the day, the reduction in service will increase the WMATA cost per mile. The key variables are in how the operator is paid and the average speed along the bus route.

A key factor in evaluating WMATA's ability to reduce overhead costs is the accessibility of a reduced Metrobus service network to the Metrobus garages. Most of the overhead cost of the bus operation relates to the staffing, operation, and maintenance of the garage. Unless a garage can be eliminated, service reductions will have little if any impact on overhead costs.

PRODUCTIVITY

SENATOR ANDREWS: Last year, you described the new labor contract (effective May 1, 1983) as providing for "the elimination of restrictive work rules thereby providing increased productivity and reduced overtime". The detailed list of new provisions included a statement that WMATA now is allowed to have all the part-time drivers it can use productively. In view of this progress in employee productivity, how do you explain the fact that WMATA is planning to operate 2% fewer bus miles with only a 1% reduction in bus operators and mechanics? This appears to indicate a decline in productivity.

ANSWER: During Fiscal Year 1986, the Authority plans to operate 49.3 million miles, compared to 50.2 million in FY 1985, a reduction of 2 percent. As for bus operators and mechanics declining only 1 percent, several factors must be considered in making the comparison. The major factor is the scheduling of bus operators to attain maximum utilization, at the least possible cost. For example, should some operator work assignments be performed at overtime, or should additional operators be assigned? This is a decision which must be made when operator work assignments are prepared. In lieu of comparing miles and operators, a better comparison would be to compare bus miles with operator pay hours to determine the efficiency of the scheduling of bus operators. This comparison shows that, while bus miles have declined by 1.92 percent in FY 1986 compared to FY 1985, operator pay hours have declined by 2.14 percent.

The reduction in mechanics of only 1 percent if due to the addition of 20 mechanics (2.5 percent of the mechanics force) to begin a new cosmetic repainting and interior refurbishment program for the bus fleet.

CUT IN FEDERAL OPERATING ASSISTANCE

SENATOR ANDREWS: The Administration has proposed eliminating Section 9 operating assistance. The budget request includes \$18.5 million in such funds. If WMATA does not receive these funds, what actions will be taken? Why have other options been rejected?

ANSWER: WMATA is assessing a series of options in the event federal operating assistance is eliminated.

A reduction of that magnitude would impact either service cuts, a fare increase, or an increase in subsidy, or some combination of the three. The problem would be compounded by the lateness of the final decision on the loss. Since it takes public hearings for a fare increase and major service reductions, a fare increase and service reductions could not be initiated until late in the fiscal year. Thus the impact on local jurisdictions subsidies could be increased. The lateness of the final Federal Congressional action on the \$18.5 is crucial. It should be noted that the Senate Republican/Administration compromise would provide for a phased five year reduction, impacting WMATA by \$3.7 million in FY 1986.

NEOPLAN BUS

SENATOR ANDREWS: Last year, in response to a question from Chairman Lehman concerning the safety of Neoplan buses, WMATA indicated there was no safety problem and that the total fleet and been fixed. Now I understand all the Neoplan buses have been taken out of service. Is this due to a different problem?

ANSWER: The Authority took delivery of 76 - 40 ft. transit buses from Neoplan USA in November 1983. Initially, cracks and structural defects were found in the rear undercarriage of the Neoplan bus fleet by WMATA Quality Assurance personnel in March 1984. These cracks were not thought to have been serious and affected 32 or 33 buses. However, this particular problem soon escalated to the point of having complete structural failures on 4 or 5 buses. Neoplan was quite responsive and in the end, redesigned and replaced the "A" Frames in all of the buses at their expense. This process was completed in November 1984.

During the same period, the Neoplan fleet experienced additional mechanical, electrical and structural defects in the buses. Neoplan committed to a retrofit repair program to correct these deficiencies. To date, they have performed over 50 retrofits on the Neoplan bus fleet. This effort is ongoing. Structural cracking was found in the basic bus body skeleton, front suspension components and the front axle sub-frame supports (to which the front axle assembly is attached). Because any serious damage to the latter area could affect the driver's ability to steer the buses, WMATA considered this problem to be a safety hazard. All buses with cracked or separated support brackets were removed from revenue service. Currently, all Neoplan buses are out of service. Neoplan has agreed to perform structural testing and an analysis of those results; to perform a comprehensive design and structural analysis of the areas of the bus' structure and sub-frames which have defects; and to complete repair of all other electrical and mechanical deficiencies.

The Authority has coordinated this action with the U.S. DOT's National Highway Traffic Safety Administration Office which has concurred with WMATA's actions and is monitoring this situation.

SENATOR ANDREWS: What is the status of the Neoplan buses? When are they expected to be put back in service?

ANSWER: At this time, WMATA's seventy-six (76) Neoplan buses remain withdrawn from revenue service and are in storage at two (2) of our service facilities.

Comprehensive testing involving a structural analysis of the

WMATA/Neoplan bus is incomplete, however, it is anticipated that the results of the full analysis should be known in the near future.

At this time, based upon the extent of modifications necessary to the Neoplan buses, we will be better able to determine a date for placement back into revenue service.

SENATOR ANDREWS: Have other transit agencies had problems with these buses?

ANSWER: On March 11, 1985, WMATA conducted a survey canvassing transit properties using Neoplan buses. The properties contacted were selected based on the similarities of their service requirements and vehicle size and configuration as compared to WMATA.

Oakland (A/C Transit), Pittsburgh (PAT) and Los Angeles (SCRTD) operate 40' x 102" Advanced Design Neoplan buses as does WMATA. Philadelphia (SEPTA) operates 40' x 96" and 35' x 96" Advanced Design Neoplan buses with Milwaukee and Atlanta (MARTA) operating 40' x 102" Current Design Neoplan buses. Atlanta (MARTA) also operates 60' x 102" Neoplan Advanced Design Articulated buses but they were not included in the survey.

Generally, it was found that other properties operating the Neoplan bus are indeed experiencing problems similar to WMATA, although, some to a lesser extent. The properties contacted have all indicated that none of their Neoplan buses have been withdrawn from service due to identified defects. However, as campaigns to retrofit items on the buses are ongoing, they have at times had to maintain a float of buses to rotate through retrofit programs.

A detailed copy of the survey is attached.

SURVEY OF TRANSIT PROPERTIES OPERATING NEOPLAN TRANSIT BUSES

During October of 1983, WMATA began accepting delivery of seventy-six (76) Neoplan Transliner buses. The 40' X 102" buses were purchased at a unit cost of \$159,100.00.

Approximately three (3) months after their delivery, WMATA began experiencing a myriad of problems involving various structural, mechanical and electrical components in the buses.

Immediately, the Vehicle Engineering Branch conducted a survey canvassing other transit properties with Neoplan fleets to ascertain if the problems identified on our buses were affecting other Neoplan fleet also.

The following is an update of the status of the fleets of the largest Neoplan operators:

1. SCRTD (Los Angeles) - Frank Kirshner - Engineering

(40' X 102") 415 Buses (Advanced Design Buses) - All in revenue service

1. Problems

- Tower fractures
- A-frame (being reinforced)
- Engine pulley

- Fan hub
 - Cables to headlight
 - Cables in engine compartment
 - Driver's heater and defroster
 - Door adjustments
2. Considers Neoplan responsive to engineering problems but slow in effecting solutions.
 3. Would buy Neoplans again but under tighter specifications.

II. Milwaukee - Dave Eastman

(40' X 102") 44 Buses (Current Design Buses) - All in revenue service

1. Problems

- Bode exit doors (adjustments)
 - Body rusting
 - Two bus fires involving underseat heaters (extensive damage). The buses were returned to Neoplan for repair under warranty
 - a. One returned to Milwaukee
 - b. One still at Neoplan
2. Considers response time poor to identified problems.
 3. In process of buying seventy-two (72) Neoplan Advanced Design buses with option for 75 additional. (40' X 102")
 4. Fuel average 3.75 m.p.g.

III. MARTA (Atlanta) - Mr. Dempsley Burnley

(40' X 102") 50 Buses (Current Design Buses) - All in revenue service

1. Problems

- Front suspension cracks
 - Drive shafts (dropping). Third generation shafts now installed seem to be more reliable.
 - Tailgates (gas cylinders & studs)
 - Electrical rocker switches
 - Charging system (electrical)
2. Averaging 3.00 - 3.50 m.p.g.

IV. PAT (Pittsburgh) - Tom Rochon

(40' X 102") 410 Buses (Advanced Design Buses) - All in revenue service

1. Problems

- Cracks in spine (engine cradle support)
- Cracks in A-frame tower (even in reinforcement gusset)
- Cracks where front suspension mounts to spine
- Cracks in bondo at sheet metal seams
- Electrical problems
- Three fires (one \$85,000 that originated in knelling system). Neoplan has repaired two buses under warranty with the third still in negotiation
- There are 35-40 retrofits ongoing on the buses with 20-30 buses out for retrofit at any given time

2. Neoplan slow to admit it has problems.

3. Neoplan has questionable engineering practices.

V. SEPTA (Philadelphia)

450 Buses in service; 150 Buses currently being delivered.
(40' X 96") 575 Buses (35' X 96") 25 Buses. All are Advanced Design Buses.

1. Problems

- Delivery of last 150 buses has been halted after delivery of twenty-two (22) buses due to torque problems with A-frames
- Experiencing electrical and mechanical problems similar to WMATA
- Few problems with A-frame cracks
- Few front suspension cracks
- First 150 buses delivered in 1982 currently undergoing retrofit program at Neoplan Honeybrook plant
- Second lot of 150 buses delivered in 1983 (along with WMATA) are currently undergoing retrofits at Neoplan facility in Montgomeryville
- Have experienced some rippling in sheet metal skin on third lot of 150 buses delivered in 1985
- Have experienced cracks in bondo at sheet metal joints
- Have not experienced cracks in body structure

VI. A/C Transit (Oakland)

(40' X 102") 60 Buses (Advanced Design Buses) - All in revenue service

1. Problems

- Problems with A-frame cracks
- Reinforcements installed axle mounting area of A-frame
- Have experienced electrical and mechanical problems
- Have experienced problems with fan pulleys and belts

SENATOR ANDREWS: How does WMATA plan to make certain that these buses are safe before placing them back in service this time?

ANSWER: At the request of WMATA staff, the Neoplan U.S.A. Corporation has developed a test program that would subject a WMATA/Neoplan bus to a comprehensive structural analysis. This analysis is comprised of dynamic and static structural testing to be followed up by a finite element analysis (computerized simulation) of major and substructures of the bus. The testing procedure is designed to address all safety issues and reliability concerns raised by WMATA regarding the current deficiencies cited on the Neoplan buses. WMATA has also engaged the services of a structural engineering consultant, Dr. John Fisher of Fisher and Fang Associates, Inc., to thoroughly review test data and retrofit proposals submitted by Neoplan along with WMATA staff. Each test result and retrofit proposal will be evaluated individually and on its interaction with other components of the bus. Based on these criteria, WMATA is quite confident that when the Neoplan buses are returned to revenue service, the Authority will be providing the riding public with a safe and reliable vehicle.

SENATOR ANDREWS: In view of the concerns expressed by a member of the WMATA Board, and the difficulties other agencies have had, why were these buses purchased?

ANSWER: Concerns raised about the Neoplan buses prior to the procurement were in regard to after sales support with respect to vehicle reliability and warranty issues. WMATA conducted several meetings with Neoplan USA Corporation and on-site inspections of their manufacturing and warranty/coach after sales facilities. These steps were taken to ascertain the validity of questions concerning Neoplan's capabilities both during production and after delivery. Contacts were also made with properties that had reported difficulties in dealing with Neoplan to determine the extent of their problems; their current status; and what steps were being taken to resolve any and all outstanding issues. Only after these issues were thoroughly addressed and assurances were granted by Neoplan that WMATA would not be belabored by late delivery schedules or after sales warranty related problems, was the decision made to award Neoplan the Advanced Design Bus Procurement contract.

SENATOR ANDREWS: Did WMATA assign staff to Neoplan's factory to assure quality? Did you thoroughly test the buses before acceptance?

ANSWER: WMATA had a full-time inspector on site during the production of the Neoplan buses. The WMATA inspector was supported

by staff from an engineering consultant, Polytech Inc. The buses were inspected at various production stations along the assembly line to assure that established and accepted manufacturing techniques and quality control standards were being adhered to. Each bus was then subjected to a battery of tests, (including road tests), and final inspection prior to buy-off of the vehicle. The buses were also subjected to another pre-delivery inspection by WMATA and Polytech personnel at the Neoplan Montgomeryville, PA. finishing facilities just prior to delivery to WMATA. In short, extensive efforts were instituted to assure that WMATA would receive a safe and reliable vehicle.

SENATOR ANDREWS: What service disruptions have been caused by removing the Neoplan buses from service? If overage buses from the reserve fleet are being used, won't maintenance costs increase? How large is the reserve fleet?

ANSWER: The removal of the Neoplan buses has had an adverse impact on service reliability at Southeastern garage. The records for service interruptions show a performance decline at this division of 41% in February and March 1985, compared to the same months one year ago. However, no trips have been cut as a result of the Neoplan bus failures.

Metro has an authorized ready reserve fleet of 100 buses. 74 buses under this fleet are now being used to replace the Neoplan buses. Costs associated with this deployment will be billed to Neoplan USA Corporation. Consequently, the Authority's operational budget will not be impacted.

ABSENTEEISM

SENATOR ANDREWS: In response to a question from the House Appropriations Committee last year, WMATA indicated it was achieving its goals for reducing absenteeism and would continue such efforts in the future. To illustrate the point, it was stated that "controllable absenteeism" (sick, workers' compensation, AWOL, suspension and other non-scheduled absences) in FY 1983 was 8.5 percent while in the first seven months of FY 1984 absenteeism was 7.8 percent, a significant improvement. In light of this, why is WMATA planning on adding 29 full-time and 4 part-time bus operators in FY 1986 solely to cover expected increases in absenteeism?

ANSWER: The contract signed with the union in 1984 granted fringe benefits to part-time operators which increased uncontrollable absenteeism. These fringe benefits are for sick and vacation time. In order to cover these absences, 29 full-time and 4 part-time bus operators will be needed in FY 1986.

SENATOR ANDREWS: Why is operator absenteeism expected to increase from 14.1 percent in FY 1985 to 15 percent in FY 1986?

ANSWER: The reason for this increase in uncontrollable absenteeism is a new contract provision giving sick and vacation benefits to part-time operators.

SENATOR ANDREWS: In your opening statement, you indicate that "We will continue our progress in absenteeism control". What progress have you made, in light of the above?

ANSWER: The Authority has achieved a substantial improvement in the area of absenteeism control as supported by the following table depicting actual and estimated bus operators absenteeism rates:

	FY '83	FY '84	FY '85 ¹ (as of Jan '85)	Planned ¹ for FY 1986
Total	15.9%	15.6%	15.7%	15.0%
Controllable	9.6%	8.8%	8.5%	6.9%

¹ Includes new contract provision.

SENATOR ANDREWS: Why is controllable absenteeism for station attendants estimated at 10 percent? This implies the average station operator takes an unscheduled day off every two weeks! Does WMATA ever discharge workers who habitually miss days? How many last year?

ANSWER: The controllable absenteeism rate shown for station attendants is predicated on past experience. Although the rate represents an improvement over what it was a few years ago, it is still too high and efforts are continuing to reduce it further. Progress is being made. The absenteeism rate for station attendants has been much higher than that of other categories of employees because provisions of the labor agreement with the union required that station attendant positions be made available to employees who had been out on workers' compensation. Most of those employees had poor work records. A considerable number of them became station attendants and because they continued their poor work habits, the absenteeism rate was unusually high. Aggressive actions taken by WMATA management have made significant inroads in reducing the absenteeism rate.

Station Attendants and other hourly employees are presently governed by an attendance policy which has a goal of reducing absenteeism. The policy provides progressive discipline for unscheduled absences (late report; missed relief; failure to report; and AWOL) within a 365-day period ranging from 1, 2, 3, 4, or 5-day suspension and written warning to dismissal. Personnel, with excessive sick reports within a 365-day period, are also subject to similar discipline.

As can be seen, WMATA does have procedures for discharging employees who habitually are on unscheduled absence from their jobs. In calendar year 1984, six employees of the Department of Rail Service were dismissed because of absenteeism.

SENATOR ANDREWS: What percentage of controllable absences are due to workman's compensation?

ANSWER: Currently, approximately 21% of controllable absences are due to workman's compensation.

SENATOR ANDREWS: How much could WMATA's operating cost be reduced with controlled absenteeism of 5 percent (same as permitted for Federal workers)?

ANSWER: Controllable absenteeism is one of the Vital Signs that the WMATA Board and Management monitor on a monthly basis. July 1983 had a controllable absentee rate of 8.2 percent which was reduced to 7 percent for the whole of FY 1984. The seven-month average through February of FY 1985 is 6.6 percent.

Operating employees which comprise about half the union work force must have their work operated even in their absence. The cost to the Authority of excessive controllable absenteeism is overtime premiums and related fringe benefit costs as the straight time for the work is already provided.

Controllable absences for non-operating employees above budgeted levels result in loss of direct labor. Conversely, reductions in controllable absenteeism improve the productivity of the workforce and therefore improve system reliability but do not directly contribute to lower costs.

SENATOR ANDREWS: If you assume controllable absenteeism can be reduced from 8 percent to 5 percent--at least 179 union employee positions could be reduced and probably a number of supervisory and other overhead positions. Since the total compensation for the average WMATA employee is \$42,753, this reduction in absenteeism could save over \$7.5 million a year--nearly the amount raised by the last fare increase or 40 percent of UMTA operating assistance. What is WMATA doing to reduce absenteeism? Don't you believe that this is an area that warrants your attention?

ANSWER: Union positions are budgeted assuming realistic levels of controllable absenteeism. If these levels are exceeded as mentioned earlier, operating employees will require overtime to dispatch all runs and non-operating employees productivity declines.

Also, as mentioned above, the Board and top management monitor this performance measure closely and have aggressively sought ways to decrease this type of absenteeism. However, reductions in controllable absenteeism result in improved employee productivity and system reliability and overtime savings rather than savings in positions and related personnel costs.

PAY LEVELS

SENATOR ANDREWS: Last year, you provided information on the WMATA contract compared with several other cities. This information stated the top WMATA operator rate was \$12.04 an hour as of February 1984. For FY 1986, the average wage appears to be \$13.83. This would imply an annual wage of \$28,766 for bus operators. However, full time operator pay hours divided by the number of full time operators indicates that the average operator will be paid for 2,356 hours, nearly 59 weeks a year. Could you explain why operators will be paid for 13 percent more hours than in the normal work year?

ANSWER: Pay hours per bus operator are 2,328 in the FY 1986 budget. This is nearly 12% higher than the pay hours that would be associated with a forty hour work/week, fifty-two weeks per year or 2080 annual hours.

The reason for this is twofold:

1. the nature of the bus service and 2. the terms of the contract negotiated between the Authority and the bus operators' union.

The demand for bus service has two peaks, one for the morning rush hour and one for the evening rush. The time between these peak demands is greater than 10 hours. Further, bus service must be provided to the public when the regularly assigned operator is absent (ill, on vacation, on jury duty, etc.) These characteristics lead to three major types of bus operators:

1. Straight operators who work 8 hours straight from start time to end time,
2. Swing operators who have a work day of two paid work assignments corresponding to the two peak periods separated by an unpaid "swing" period (non-productive).
3. Standby operators who work pieces of work for absent

operators. A standby operator may be a straight or a swing operator.

One last point is significant regarding the nature of the bus service. An operator's assignment can (almost) never be eight hours' duration - simply because the time required to travel over the bus routes cannot be so ordered. An operator must drive to the next relief point - or to the garage - or to the end of line, even though he has worked more than eight hours.

The terms of the union contract are such that:

- o 72% of operators' pay time is spent operating a bus,
- o 14% of the pay time is given to sick, holiday, and vacation and
- o 14% is paid for union related "collaterals" (which some view as "penalties")

These collaterals include paying the operator monies for these (and other) non-operating functions:

- o Spread time. If the spread time of a swing operator exceeds 10 1/2 hours, the operator is paid at time and half and double overtime rates.
- o The time between an operator's pieces of work is known as swing time. If this time is more than one hour, it is unpaid; however, if it is less than one hour, it is paid.
- o Travel time, the time required for an operator to leave the garage and travel to a bus route location to relieve an operator in revenue service.
- o Overtime, the time paid to operators in excess of either eight hours per day and/or forty hours per week.

Thus, it is clear that the Authority pays an average of more than forty hours/week/operator because of the nature of the service (standby operators, for example) and the negotiated union contract (collateral time paid for spread time and overtime, for example).

SENATOR ANDREWS: Since the average driver will be paid for 59 weeks a year, their annual average salary will be \$32,583. How does this annual wage compare with other cities?

ANSWER: The contract provisions outlined above are standard in the transportation industry. A comparison of top operator wages follows:

January 1985 - Top Operators' Rates ¹

#7	WMATA	\$12.825
#1	San Jose, CA	\$13.570
#2	San Francisco, CA	\$13.400
#3	Boston, MA	\$13.310
#4	Chicago, IL	\$13.190
#5	Minneapolis, MN	\$12.920
#6	Seattle, WA	\$12.920
#7	Washington, D.C.	\$12.825
#8	Tacoma, WA	\$12.760
#9	Los Angeles, CA	\$12.720
#10	Sacramento, CA	\$12.650
#11	Oakland, CA	\$12.570
#12	Portland, OR	\$12.510
#13	Pittsburgh, PA	\$12.500
#14	San Diego, CA	\$12.480
#15	Santa Ana, CA	\$12.460

#16	Long Beach, CA	\$12.350
#17	Spokane, WA	\$12.310
#18	New York, NY	\$12.000

- 1/ Source: John A. Dash & Associates, "Bus Operators' Top Hourly Wage Rates Including Cost of Living Escalation", January, 1985, Transit Systems Throughout the United States.

SENATOR ANDREWS: WMATA is planning to pay the average driver for 37.8 hours of overtime in FY 1986. Assuming overtime work is paid at time and a half, the extra cost of overtime would be more than \$580,000. Can't overtime costs be reduced by better scheduling?

ANSWER: The overtime cost of 37.8 hours annually refers to overtime and extra service which is service operated beyond that of scheduled operations, i.e., extra service on holidays, conditions beyond the control of authority such as snow storms, fires, road detours, rail interrupted service, heavy traffic, etc. Scheduled overtime, which is planned amounts to 8.5 hours per operator for the annual period. To eliminate all overtime additional operators would be required, which would increase costs because of the guarantee provisions of the contract.

SENATOR ANDREWS: As a safety concern, does WMATA have any hours of service limit for drivers? For example, they can't work 16 straight hours can they?

ANSWER: In accordance with the union contractual regulations, the Authority provides the drivers with a meal break after 5 hours and 45 minutes of operation. Also as per contract regulation operators have to have 8 hours off between two (8 hours) runs in a 24 hour period.

SENATOR ANDREWS: What is the annual average wage for mechanics? It appears they make about the same wage as operators, yet theirs is a highly skilled trade. Does WMATA have difficulty retaining the best mechanics? Does WMATA have trouble retaining the better bus operators?

ANSWER: The following provides the hourly FY 1986 projected wage rate for various classes of mechanics and how that compares as a percentage of the top operator wage rate:

<u>Mechanic Class</u>	<u>Hourly Rate</u>	<u>Hourly Rate as % of Top Operator Rate</u>
Mechanic AA	\$15.19	110%
Mechanic A	\$14.36	104.0%
Mechanic B	\$14.15 1/2	102.5%

WMATA has no difficulty in retaining its best mechanics or its better bus operators. However, before new rail phases open, several of the more senior operators enter the training program for rail train operators.

SENATOR ANDREWS: Station Attendants will be paid \$31,575 per year on average. In addition the average attendant will make \$1,864 a year in overtime. In view of these comparatively high wages. A 10% controllable absence rate seems very high. How do station attendants wages compare with D.C. Police and Firefighter salaries? What are the duties of Station Attendants?

ANSWER: The wage rate for a station attendant is 10 percent below the bus operator wage rate or \$11.54 per hour. If a station attendant works 40 hours per week, 52 weeks per year, the annual wage is \$24,000. This compares to the annual salary \$28,584 for D.C. Firefighters and Police Officers.

Station attendants duties are as follows:

- o Monitor and perform station services.
- o Assist patrons in the use of station services and equipment.
- o Observe passenger flow in stations and institute corrective action as necessary.
- o Report unusual occurrences to the Operations Control Center and provide assistance to public safety officials during unusual incidents in Metrorail passenger stations.
- o Makes miscellaneous announcements via the public address system.
- o Furnishes route information and other assistance as may be required.
- o Completes miscellaneous reports pertaining to passenger station operations.
- o Responsible for correcting routine malfunctions of station equipment such as the automatic fare collection system equipment, escalators, elevators, and transfer machines. Report more serious malfunctions to proper source for necessary follow-up action.
- o Responsible for opening and closing Metrorail stations.
- o Required to work variable hours at widely dispersed
- o locations.

SENATOR ANDREWS: Train operators effective rate for FY 1986 will be \$13.81 per hour. The average salary, however, will be \$37,536 since apparently the average operator is paid for nearly 68 weeks a year. Again, How do you explain all these extra hours?

ANSWER: The average salary shown in the question was derived by dividing total train operator wages (\$11,974,100) by the number of train operators in the Train Operations section (319), which does equal \$37,536 per operator. However, the total operator wage (\$11,974,100) also includes an additional 25 train operators in the Start-up Support Section of WMATA's budget. Using the same methodology as was used in the question, the correct average wage per operator would be \$34,808 which, at \$13.81 per hour, would equate to 63 forty-hour weeks.

The extra hours are the product of union contract provisions, the fact that the average train operator works in excess of 40 hours per week, and other specific scheduling requirements. Good examples, of union contract provision which add payhours to the schedule are overtime and spread time. Overtime is paid at the rate of 1 1/2 times the amount worked. Therefore, if a train operator's assignment required the operator to work 40 minute overtime everyday, then that operator would be paid for 9 hours each day and 45 hours per week. On an annual basis this would equate to 2,340 hours. If the 2,340 hours were equated back to 40 hour weeks, this would equate to 58.5 weeks.

Similarly spread time and double spread time payments are made to compensate the operator who is assigned 8 hours of work spread out over a longer period of time, such as a 10 to 12 hour period. For example, an operator who is assigned from 6:00 a.m. to 10 a.m. (A.M. peak) and from 1:50 p.m. to 6:00 p.m. (P.M. peak), would actually receive 9.5 hours pay for 8 hours and ten minutes of work.

because of spread and overtime provisions. Attached is a breakdown of how the 9 1/2 pay hours are derived.

These examples are not all inclusive of specific contract and scheduling requirements which add extra hours of pay, but are intended to show typical examples of elements which create payhours in excess of actual operating hours.

Comparison of operator work hours and pay hours for a Swing Run Assignment.

WORK HOURS

<u>Assigned Hours of Work</u>	<u>Total Hours: Minutes</u>
6:00 am - 10:00 am	4:00
1:50 pm - 6:00 pm	4:10
Total Work Hours	8:10

PAY HOURS

<u>Category</u>	<u>Total Hours: Minutes</u>
Platform Hours	8:00
Preparatory Time	:10
Spread time penalty	1:00
Double spread time penalty	:15
Overtime	:05
Total Pay Hours	9:30

PENSIONS

SENATOR ANDREWS: WMATA pays 16% of wages into a Union Pension Fund. What level of benefits will this provide for workers at retirement? WMATA contributes \$4,795 toward pensions for the average Union Employee annually. How does this compare to the amount provided by the other systems you listed last year? (p. 125)

ANSWER: The Retirement Benefit is not computed as a direct function of the 16% contribution level. The benefit formula, which is a contractual item considers the following:

1. The highest five year average earnings of the union employee.
2. The employee's length of service.
3. The employee's age to determine if age and service combined equals 85, with a minimum age of 55.
4. Multiplying the employee's service by the average earnings, and then multiplying that amount by .0135 will yield the annual pension benefit.

The percentage of contributions for other systems follows:

	<u>Company</u>	<u>Employee</u>
WMATA	16.0%	0.0%
New York	19.72	3 or 0
Chicago	13	7
Boston	12.1825	8.0625
Atlanta	7.36	4.02
Seattle	7.31	5.11 or 6
Los Angeles	5.92	1.5

SENATOR ANDREWS: Who administers the Union Pension Fund?

ANSWER: A joint management and union Retirement Allowance Committee oversees the plan administration by members of the Offices of Personnel and Accounting.

SENATOR ANDREWS: Since WMATA employees are covered by Social Security in addition to their pension, what percent of current wages can a retired worker expect from both sources?

ANSWER: Employees with 25 to 30 years of service will recover 30% to 35% of current earnings from retirement plus an additional 15% from Social Security. Combined, the employee will recover 45% to 50% of current earnings.

SENATOR ANDREWS: Why do salaried workers receive a smaller pension contribution than Union Workers (11.8% vs. 16%), since wages appear fairly similar?

ANSWER: The contribution (16%) to the Union Pension Plan is a negotiated contract provision.

The salaried Retirement Plan's (11.8%) contribution is an actuarial determined percentage and considers a number of factors and assumptions. As stated above, the Union Plan contributions are contractually determined. However, the actuarial requirement is approximately 16% for this plan.

SENATOR ANDREWS: Including fringe benefits, the average employee costs WMATA \$42,753. How does this compare with other systems?

ANSWER: The average employee cost, including fringe benefits, overtime, and all other personnel costs for a selected number of transit organizations is as follows:

WMATA	\$42,753	Cleveland Regional	
Chicago Transit	\$41,300	Transit Authority	\$31,054
Minneapolis-St. Paul	\$37,361		
Detroit Dept. of			
Transportation	\$43,123		

These average employee costs are representative of the industry. Some are on a fiscal year basis and several on a calendar basis.

RAIL EFFICIENCY

SENATOR ANDREWS: Several cities have proposed Rail Transit as a way to reduce labor costs - one train with one operator can replace a number of buses and bus operators. Statistics for WMATA do not appear to provide much support for the contention that rail can save on Labor Costs. It appears that Rail has a ratio of 33,900 passengers to every rail employee while for bus the ratio is 30,771 passengers per employee. Rail seems to be almost as labor intensive as bus. At least for WMATA. Can rail service be made more productive or is there little potential for labor savings by using rail service?

ANSWER: There are two methods by which the passenger ratios can be examined. First, the ratio of passengers per employee can be developed looking at just the employees in the Departments of Bus and related maintenance employees and employees in the Department of Rail and related maintenance employees. Secondly, the ratio of passengers per employee can be developed looking at all Authority employees dedicated to the Rail mode and all Authority employees dedicated to the Bus mode. Based on data from the FY 1986 budget, these methods were compared as follows:

	Staff Years	Passengers	Rate of Passengers Per Staff-year
Department of Bus and Maintenance	3753.83	131,100,000	34,924
Department of Rail and Maintenance	2626.83	105,100,000	40,010
All Authority Bus Mode Employees	4232.79	131,100,000	30,972
All Authority Rail Mode Employees	3100.03	105,100,000	33,903

There are 473.2 additional staff years for the "All Authority Rail Mode Employees", category a compared to the "Department of Rail and Maintenance" category. Similarly, there are 478.96 additional staff years for the "All Authority Bus Mode Employees" category as compared to the "Department of Bus and Maintenance" category. These staff years, for the most part, represent the fixed costs associated with the rail and bus programs and will remain relatively constant over time irrespective of service levels.

Accordingly, the first set of ratios are a more meaningful representation of bus/rail passengers per employee, and as the rail system expands further, even greater economies will be realized. Based on the first method, the rail service ratio is approximately 14.6 percent greater than the bus service ratio.

SENATOR ANDREWS: What are the principal benefits of rail service as opposed to bus service?

ANSWER: Both modes of travel have benefits and are important elements in a regional transportation network. Some benefits of a rail system are:

- o Rail can offer improved travel time to many riders who live and/or work in rail corridors. Bus service can penetrate residential neighborhoods where it would not be economical or desirable to put a rail station.
- o Rail service has the advantage of an exclusive right-of-way. This allows for uninterrupted service despite traffic and weather conditions.
- o Rail provides a high level of off-peak and counterflow service which is not economically feasible with bus service. This opens up opportunities for new travel patterns. It makes suburban employment opportunities available to inner city residents.
- o Suburban residents without access to an automobile (the elderly and the young) can shop or attend museums during the base day and/or on weekends.
- o Rail service generates growth in the regional tax base and stimulates development near rail stations. If managed properly, this can have a dramatic impact on the financial and economic growth of the region.

CHARTER BUS

SENATOR ANDREWS: The Budget justification indicated that an estimated 30 buses will be available from the spare fleet during peak hours for charter service. Is WMATA complying with

regulations concerning the use of federally funded equipment for peak hour charter (i.e., no intercity charters)? Will the questionable availability of the Neoplan buses reduce the spare fleet to the point where it affects charter? Are charter operations ever given precedence over meeting regularly scheduled runs?

ANSWER: WMATA charter service is operated in strict compliance with UMTA Regulations, the Comptroller General of the United States 1966 decision governing charter operations and Congressional Legislation (Public Law 92-517). With the non-operation of the Neoplan buses, the budgeted assumption of a 30 bus allocation for charter has temporarily been reduced to assure the operation of charter service does not impinge on the mass transportation. At no time is charter service given precedence over the mass transportation requirements. Charter service is operated as an incidental service to mass transportation and only operated with equipment that is available over and above the mass transportation requirements.

AUTOMATIC TRAIN CONTROL

SENATOR ANDREWS: What decision has been made on upgrading the Operations Control Center? What will this decision cost? A study indicated that the Operations Control Center (OCC) was too small and needed to be reconfigured. These changes, which include replacing the computer were estimated to cost \$22-33 million. Surely, there must be a way to do this for less than \$20 million. Would you break out the various components of this project and their cost?

ANSWER: WMATA commissioned a study of three alternative means for enhancing the Control Center. The need for the enhancements is dictated by three factors:

- 1) The space presently occupied by the Bus Control Center, the Rail Control Center, the computers and some offices of the Office of Management Information Services were in initial designs to be occupied by the OCC only. The space presently available for the OCC is half of that originally envisioned.
- 2) The procurement for the current computer hardware was started in 1971. This type hardware is generally considered to have a life span of ten to fifteen years. In 1979, \$60,000,000 was included in the WMATA long-range plan to fund a computer upgrade, to start in 1986. This upgrade is still required but will cost substantially less than planned due to advances in technology and productivity. This changeout of computer hardware should be incorporated into the total OCC effort.
- 3) All five studies done following the January 13, 1982 rail accident found that various improvements were required in the Operations Control Center. These improvements have been addressed in the OCC enhancement design alternatives.

The WMATA staff has reviewed the design consultant's report and has concluded that the feasible alternatives for enhancing the Operations Control Center will cost between \$32 million and \$36 million, stated in terms of FY 85 dollar values. The components of the \$36 million estimate may be broken down as follows: final design, \$3 million; computer hardware and software, \$11.25 million; communications, \$13.8 million; console systems display and building

modificaitons including uninterrupted power supply, \$6.15 million; and construction management of this effort, \$1.8 million.

SENATOR ANDREWS: WMATA is estimating 135 people for "the inspection, repair and overhaul of the ATC system and the three control subsystems that provide for complete safety and automatic control of trains". While safety is of the highest concern, 135 people to maintain the system seems to be enough to question what has been automated. As system upgrading is reviewed, will it be possible to reduce staff?

ANSWER: The Automatic Train Control System (ATCS) is a stand-alone system which is separate and distinct from the Operations Control Center. The configuration of the Operations Control Center, even after the upgrading envisioned, will not have any bearing on what staffing is needed to physically inspect, repair, and overhaul the three subsystems of the Automatic Train Control System. The WMATA Metrorail system is still expanding and qualified maintenance personnel are needed to maintain the equipment associated with that expansion. In FY 1983, there were 17,734 units of ATCS equipment to maintain. ATCS staffing requirements, as previously stated in the Rail FY 1986 Operating Budget Detail, are based on Federal Railway Administration (FRA), American Association of Railroads (AAR), manufacturer, and WMATA standards.

In the FY 1986 Operating Budget of the Rail Systems Maintenance Branch, some savings in maintenance personnel positions, other than in the Automatic Train Control System, were achieved through productivity improvements. It is envisioned that a similar reduction in the ATCS staffing will also be achieved in the future.

DULLES AIRPORT

SENATOR ANDREWS: Is WMATA participating on the Task Force considering options for transit in the Dulles access highway corridor?

ANSWER: WMATA has not been involved in the proposal for private funding of a transit line to Dulles Airport.

SENATOR ANDREWS: A light rail line to Dulles Airport would require another station to interface with the Metro system at West Falls Church. Has WMATA entered into any discussions on how this interchange station would connect with Metro?

ANSWER: WMATA has not been involved in any recent discussions on this issue.

SENATOR ANDREWS: What is WMATA's position on the proposal for private development of light rail in the corridor?

ANSWER: Any direct connection between Dulles and the West Falls Church Metro Station will have a beneficial effect on Metrorail ridership and will provide a much needed service to the people of this region. However, a direct Metrorail extension to Dulles would produce more riders than would a light rail connection since an inconvenient transfer would be eliminated.

GREEN LINE

SENATOR ANDREWS: We understand WMATA has decided on the alignment and southern terminus for the Green Line (Branch

Avenue). Are there any remaining legal obstacles to construction of the line?

ANSWER: The actions taken by the WMATA Board of Directors have fully satisfied the U.S. District Court and are fully consistent with the WMATA compact requirements and the wishes of the local jurisdictions. As a result, the injunction was lifted on the remainder of the F-Route in January 1985. The Authority is now moving full speed ahead--as funds permit--on this line.

SENATOR ANDREWS: Why was the Branch Avenue alignment chosen?

ANSWER: The The Comparative Alignment Study prepared in support of the public hearings considered five alternatives to the adopted alignment. These alternatives terminated at either Branch Avenue or Rosecroft and were developed in response to the desires and concerns expressed over the years by community groups and local governmental agencies. In accordance with the WMATA compact, public hearings were held to receive comments on the various proposals. To ensure maximum exposure, three hearings were held, one in the District of Columbia, one in Prince George's County along the Branch Avenue corridor, and another in Prince George's County along the Rosecroft corridor. Following the hearings, a review of the public hearings was prepared summarizing the results and addressing all of the issues raised at the hearings. At the hearing in the District, there was almost unanimous support for the alignment through St. Elizabeth's Hospital and Congress Heights. At the Prince George's County hearings there was considerable support for both the Branch Avenue and Rosecroft alignments.

In addition to the public hearing testimony, the Board considered many factors for each alternative including displacements, ridership, land use and development impacts, transportation system improvements required for each alternative and their costs, park land impacts, capital costs for Metrorail construction, and operating costs. Following considerable deliberation, the Board adopted the St. Elizabeth's-Branch Avenue Terminus alignment with stations at both Naylor Road and Southern Avenue. This alignment offers several major advantages:

1. It serves Congress Heights which has a large transit dependent population and several publicly assisted development projects.
2. It serves Southern Avenue and two major hospitals with large outpatient flows, the St. Elizabeth's Hospital and the Greater Southeast Community Hospital, a concept that received considerable support at all three hearings.
3. It had the highest ridership of all of the alternatives considered.
4. The additional station facilitates the effective distribution of parking capacity among the stations in Maryland.
5. Stations are located on both the Rosecroft and Branch Avenue corridors.

SENATOR ANDREWS: Isn't the chosen route longer than the other options, making the total system WMATA is proposing now 103 rather than 101 miles? Please provide a copy of your comparative alignment study.

ANSWER: The approved alignment adds one station and 1.5 miles to the Adopted Regional System.

A copy of the Comparative Alignment Study is attached.

[CLERK'S NOTE.—The Comparative Alignment Study is too voluminous to print in the hearing. It is retained in the subcommittee files, where it is available for review.]

SENATOR ANDREWS: How much is the line from Anacostia to Branch Avenue expected to cost? How much were the other options expected to cost?

ANSWER: The cost to build to each terminus follows:

(In Millions of Dollars)

	FROM THE WATERFRONT STATION TO:	
	<u>Branch Avenue</u>	<u>Rosecroft</u>
District of Columbia Projects (January 1985 Dollars)	\$455.3	—\$453.4
Prince George's Projects (January 1988 Dollars)	370.7	240.7
TOTAL	\$826.0	\$694.1

SENATOR ANDREWS: What are the ridership estimates for the various alignments? How would they rate under UMTA's New Start Criteria?

ANSWER: The 24-hour ridership estimates for the five alternatives are as follows:

Rosecroft	57,800
St. Elizabeths-Branch Avenue	
Naylor only	62,820
Southern only	61,950
Naylor and Southern	63,170
Suitland Parkway	62,440

Although the ridership estimates fully justify the alignment selected, WMATA has not determined how they would rate with other projects nationwide. WMATA's system has not been subject to the Section 3 new start criteria since its funding source is PL 96-184 (Stark-Harris).

SENATOR ANDREWS: Construction on this route would not begin until 1991, according to the rail construction program chart, which is after Stark-Harris funding will have been exhausted. Therefore, would it be safe to say that any construction on the Anacostia to Branch Avenue segment would not begin until WMATA had secured additional funding sources-local and/or Federal?

ANSWER: Funding sources beyond Stark-Harris will be needed to complete the work south of the Anacostia Station.

QUESTIONS SUBMITTED BY SENATOR CHILES

COMPLETING THE 101-MILE SYSTEM

SENATOR CHILES: Mrs. Turner, there seems to be varying views on whether the WMATA System will be a 101-Mile System, or something in between. As I understand it, the long-awaited decision on the Green Line Route makes some change in the projected 101-mile figure.

We also have the funding authorized in the Stark-Harris bill which is being appropriated at a lower annual level than WMATA originally planned. This presumably affects the number of miles that can be constructed with a fixed amount of funding. In addition, the Administration has previously expressed the view that only 76 miles should be funded. I understand that Administrator Stanley has just notified WMATA the Administration now supports an 89.5 mile system.

Could you please sort out for the Committee where we now stand on these various views of the size of the rail system?

ANSWER: In December 1984 the Board of Directors adopted the Branch Avenue terminus for the Outer E Route. This action increased the adopted system from 101 revenue miles to its current length of 102.65 revenue miles and also added one station (at Southern Avenue) bringing the total number of stations to 87.

The Administration's policy has been to fund construction of 76 miles of the system. However, in a letter dated March 19, 1984, UMTA Administrator Stanley agreed in principle with the Authority's definition of operable segments that could be completed with the remaining Stark-Harris authorization. The Authority's ICCA-IV (Fourth Interim Capital Contribution Agreement) identifies 89.45 miles and 78 stations of the adopted regional system that could be completed with Stark/Harris authorizations to be appropriated.

CAPITAL BUDGET

SENATOR CHILES: The Stark-Harris authorization was for \$1.7 billion. Annual appropriations seem to have stabilized at the \$250 million annual level. Given the tight budget constraints, there appears to be little prospect of increasing this level of annual funding. Assuming this level continues until the authorization is reached, what would the construction timetable be in terms of mileage? When would funding run out?

ANSWER: The schedule approved in the Fourth Interim Capital Contributions Agreement (ICCA-IV) is listed below:

Operable Segment	Operation Dates	Miles	Stations
Currently in Operation	--	60.46	60
Ballston to Vienna	Mid 1986	9.11	4
Silver Spring to Wheaton	Mid 1989	2.77	2
Gallery Place to U St.	Mid 1990	1.66	3
L'Enfant Plaza to Anacostia	Late 1990	2.96	3
King St. to Van Dorn St.	Late 1990	4.08	1
Fort Totten to Greenbelt	Late 1992	7.94	5
Wheaton to Glenmont	Early 1994	1.77	1
Van Dorn St. to Franconia/Springfield	Early 1994	2.97	1
U Street to Columbia Hgts	Mid 1994	1.34	1

<u>Operable Segment</u>	<u>Operation Dates</u>	<u>Miles</u>	<u>Stations</u>
Columbia Hgts to Ft. Totten	Early 1996	1.56	1
Anacostia to Branch Avenue	Late 1997	6.34	5
SYSTEM TOTALS		102.96	87

Stark-Harris funding would run out during FY 1989 and would fund new rail openings on the above schedule through the Glenmont segment on the B Route scheduled to open in early 1994.

SENATOR CHILES: In view of our budget difficulties, this committee may not be able to sustain the current \$250 million annual level. We may have to make significant cuts in many of the programs we are considering. could you give us an indication in timing and costs of the impact on your construction program if the committee were to reduce your request by \$50 or \$100 million?

ANSWER: The Authority's fiscal 1986 budget includes 4.5% for inflation, therefore, the cost increase could range from \$2.8 million to \$5.6 million which includes the impact of the local matching funds. We believe the negative cost impact would be larger because of the favorable bidding climate we are now experiencing and it is not possible to put a value on this lost opportunity. The operating date for the Outer E Route from Fort Totten to Greenbelt which is now projected to be late 1992 would probably be delayed.

A detailed analysis would be made to mitigate the severe negative impacts that a \$100m budget cut would have on the construction program.

COST CUTTING ACTIONS

SENATOR CHILES: One cost reduction that has been suggested is the possibility of not constructing future stations of the same size as those currently being built. For example, platforms for 4 or 6 cars could become the new standard, rather than the current 8-car standard. Why can't these or other efficiencies be put in place so that a smaller amount of funding would still be adequate for the construction of the same projected number of miles.

ANSWER: It must be remembered that stations designed for 8-car trains must be provided for the entire system because passengers heading to the outlying areas away from the downtown core will be spread out over the entire train length.

The major cost of the stations comes from the vertical circulation elements. The additional 2-car length of the platform beyond a 6-car train contributes an insignificant amount to the overall cost of a station. The majority of the stations yet to be constructed are surface stations. Consequently, any cost savings achieved by constructing shorter platforms is comparatively small. These cost savings will be eliminated in the future by the additional construction cost to extend the platforms for the full operating capacity. For the underground station, the additional construction in the future could equal the cost of the original construction.

BARRIERS TO THE HANDICAPPED

SENATOR CHILES: Last year, testimony from the Architectural and Transportation Barriers Compliance Board indicated that Metro had recently purchased subway cars which were two inches higher than

the platform and the earlier purchased cars. This seemed to present a significant barrier to the use of the subway by the handicapped. Was this an accurate statement about the new Metro cars? Since the purchase of these cars, has Metro encountered problems in subway use by the handicapped?

ANSWER: The Breda cars were designed to the same parameters as the Rohr cars. The Breda cars are, however, somewhat higher than the Rohr cars by 1/2 to 3/4 inches, but are still within the requirement envelope. This situation is corrected during the normal maintenance procedure of reducing the diameter of the wheels to correct for flat spots (wheel truing).

SECTION 3 OR SECTION 9 REDUCTIONS

SENATOR CHILES: As you know, the UMTA budget proposes to severely cut the Section 3 and Section 9 operating and construction subsidies. If Congress does not change this proposal, how much would WMATA lose? What will be the impact on fares and ridership if these cuts are enacted? What could WMATA do to meet these reductions?

ANSWER: WMATA would lose \$18.5 million in Federal Section 9 operating assistance and approximately \$12.8 million on Section 9 capital funds. Since the Section 3 program is Federal discretionary, it is difficult to project what the amount would be. In FY 1984, WMATA received no Section 3 fundings.

WMATA is evaluating a series of options to meet these reductions. With regard to the impact on fares and ridership, it is now too late to initiate a fare increase for the start of the WMATA fiscal year 1986 (beginning July 1, 1985). However, if fares were increased on July 1, 1985 to make up the \$18.5 million shortage in federal operating assistance, both bus and rail fares would have to be increased by more than 10 cents. A flat 10-cent increase in the boarding charge for both bus and rail would generate about \$16.7 million annually. This would result in a loss of \$8.4 million bus and rail passenger trips.

DEDICATED TRANSIT TAX

SENATOR CHILES: For many years, there has been discussion of a dedicated tax for the metropolitan areas, which would be used to support the transit system. In view of the proposed cuts in operating subsidies, such a tax would seem to be vital to sustaining Metro operations. Could you give us an assessment of where you stand on the creation of a dedicated tax?

ANSWER: The Board of Directors approved a resolution on January 19, 1984, which assigned to a Board Committee the responsibility for exploring the issues surrounding a regional tax and for a strategy for implementing a regional tax mechanism. Considerable data has been developed and many meetings have been held, but as of this date, the Board has taken no official position on this issue.

UMTA COMMITMENT

SENATOR CHILES: Given the current UMTA budget proposals cutting out all mass transit funding except for the dedicated gasoline tax, what is the current administration view on commitment to WMATA and how large a system can be constructed?

ANSWER: Although the Administration does propose reducing the Federal transit program to that which can be funded within the existing gas tax, we are

nonetheless honoring the congressional intent of the Stark-Harris Act by supporting annual appropriation of Federal funds under this legislation until such time as the authorization is exhausted, which, at a proposed annual level of \$250 million, will occur in FY 1989.

At that point, it is anticipated that some 89 miles of the planned 103 mile Metrorail system will be fully funded and under construction.

This is the maximum mileage which can be completed under the current Stark-Harris formula of 80 percent Federal, 20 percent local funds. However, we are encouraging WMATA and the local jurisdictions to consider a higher local share which would stretch the remaining Federal authorization and permit additional construction beyond 89 miles. However, the Administration will oppose any additional Federal funding for construction of the Metrorail system beyond the present authorization.

QUESTION SUBMITTED BY SENATOR BYRD

SENATOR BYRD: In January, 1985, there was an accident at the Minnesota Avenue Station which took the life of a three-year-old child. Would you please provide this subcommittee with a detailed breakdown of all escalator accidents that occurred throughout the system from January 1984 through March 1985. This report should include both personal and non-personal injuries as well as copies of the Accident and Inspection Reports.

ANSWER: A copy of the report on the January 26, 1985 escalator accident is attached. The annual report for accidents occurring during 1984 will be available by the end of April. A copy will be forwarded to the Subcommittee at that time.

LETTER FROM THEODORE G. WEIGLE, JR., DEPUTY GENERAL MANAGER, WASHINGTON
METROPOLITAN AREA TRANSIT AUTHORITY

March 21, 1985

MEMORANDUM TO: Committee of the Whole

SUBJECT: January 26, 1985 Escalator Accident

As requested by the Safety Subcommittee of the Board, the staff is transmitting the investigation report concerning the January 26, 1985 fatal escalator accident at Minnesota Avenue Station to the Committee of the Whole.

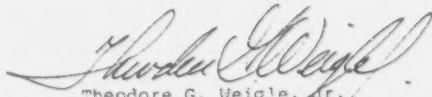
The members of the WMATA Board of Directors and the staff were deeply moved by the tragic accident that occurred at the Minnesota Avenue station. This is the first escalator fatality that WMATA has experienced and the circumstances have been thoroughly studied by the WMATA investigating committee. With no available eyewitnesses who could provide information about events leading up to the incident, the investigation was necessarily focused on the condition of the escalator and related facilities, escalator maintenance and operating procedures, and the actions of WMATA employees and other responding emergency personnel.

The report concludes that there were no deficiencies in the escalator mechanism, inspections and maintenance and that the actions of WMATA employees and other emergency personnel were timely and appropriate. The report further concludes that no modifications in facilities and equipment or changes in procedures would have prevented this accident.

Since the Metrorail system opened in 1976, passengers have made approximately 1.65 billion escalator trips. To put this tragedy into perspective, I would like to point out that there are now 436 escalators varying in length from 20 feet to well over 200 feet in the system. The Authority has an aggressive escalator safety program, which has resulted in significant reductions in passenger incidents and in 1984, the escalator incident rate was 1.7 per million passengers.

As the report indicates, the Authority has a number of ongoing actions to promote patron safety awareness, including the continuation of the Safety Tip Program and frequent public address announcements.

The staff will keep the committee advised of new developments in WMATA's ongoing safety programs.


Theodore G. Weigle, Jr.
Deputy General Manager

REPORT OF INVESTIGATION OF FATAL ESCALATOR ACCIDENT AT THE MINNESOTA AVENUE
STATION ON JANUARY 26, 1985

I. DESCRIPTION OF INCIDENT

This incident, resulting in fatal injuries to three year old Melissa Gilbert, occurred Saturday, January 26, 1985 at the Minnesota Avenue Station, 4000 Minnesota Avenue, NE. At approximately 5:00 p.m., an unknown woman told the Station Attendant and the MTP Officer on duty in the kiosk (Figure 1) that there was a child stuck in the escalator. The Officer and Station Attendant ran to the escalator and upon confirming the woman's report, the Officer immediately radioed the WMATA Transit Police Controller who in turn called the DC Fire Department for assistance. A young child and a woman (her grandmother) were found lying at the base of the down Number 2 escalator between the steps and the combplate with the escalator still running in the downward direction. The Station Attendant and the Officer immediately shut the escalator off and began to render assistance to the child and the grandmother. The child was lying with her head pressed against the combplate on the right side of the escalator. Her legs and torso were across the grandmother who was lying on her back with her right arm around the child as if attempting to free her (Figure 2). The grandmother was not calling for help, but the child's twin sister was standing near the escalator crying. The grandmother indicated she was not caught in the escalator, and when she refused to get up, had to be bodily moved by the Station Attendant and the Officer. The child was lying face down on the bottom step along the combplate with her head near the right escalator balustrade. Her left arm was between her body and the escalator step with her right arm extended away from the body and her legs extended toward the left balustrade. The Officer attempted to free the child from the escalator but she was so tightly drawn against the combplate that it was impossible to move her. The Officer assumed that the child's arm must have been drawn inside the escalator because she was being held tightly against the step and because he could not feel her arm underneath her. The Officer began mouth-to-mouth resuscitation while the Station Attendant returned to the kiosk to report the incident to the Metrorail OCC and to request maintenance assistance in dismantling the escalator. When the Officer had administered approximately 20 breaths to the child, units of the DC Fire Department arrived to relieve him. The Fire Department personnel immediately administered oxygen to the child and began to free her. After several escalator combplates were removed and portions of the child's clothing cut away, it was determined that only clothing and not the arm had been caught in the escalator. The child was taken to DC General Hospital at 5:25 p.m. and was pronounced dead at 6:10 p.m.

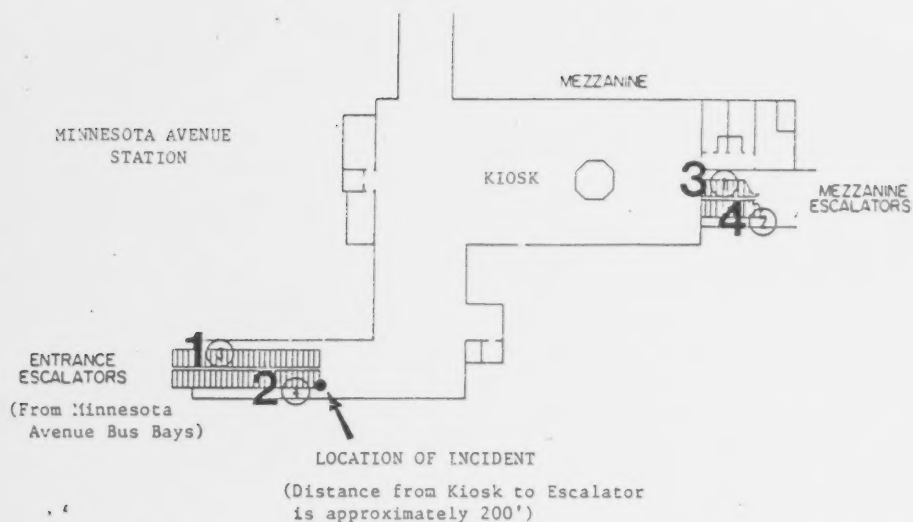
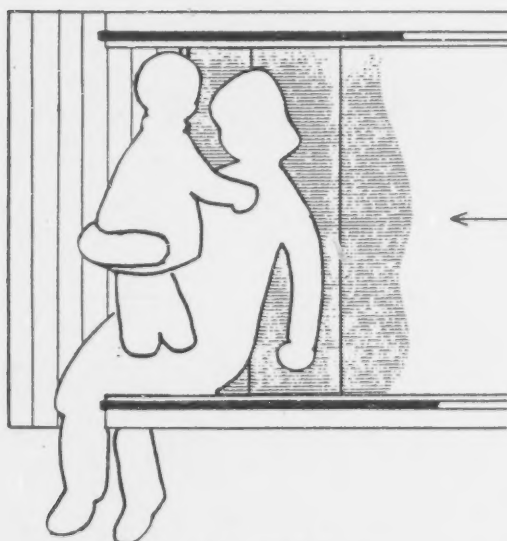


FIGURE 1



POSITION OF THE VICTIM AND HER
GRANDMOTHER WHEN FIRST SEEN BY
MTP OFFICER AND STATION ATTENDANT

FIGURE 2

The DC Medical Examiner's Autopsy Report states the cause of death was asphyxia resulting from strangulation by the drawstring of her jacket hood which consisted of a length of gray nylon cord tied in a loop with a bow knot. When examined, the loop had been cut once at a point 20 inches and 4 1/2 inches from the knot. The free ends of the bow knot measured 5 and 4 1/2 inches in length (Attachment 1).

II. INVESTIGATION

There are no identified eyewitnesses to the accident. Information in this report is based upon the taped communications of the TPAS and Metrorail Control Centers at the time of the incident, the District of Columbia Police Reports, the DC Medical Examiner's Report, incident reports submitted by the Station Attendant and MTP Officer who responded to the incident, the escalator specifications and maintenance records, the report of the DC Elevator Inspector and interviews with responding units of the DC Fire Department, the Station Attendant, the MTP Officer and a Metrobus Operator. The Metrobus operator had driven the bus taken by the child, her twin sister and grandmother to the Minnesota Avenue Station immediately prior to the incident.

1. It has not been possible to determine how long the child had been caught in the escalator at the time the incident was reported. The operator of the M-16 Mayfair Shuttle (Block SM-61) reported dropping a woman and two children at the Minnesota Avenue Station before 5:00 p.m. on January 26, 1985. From his description, these were the child, her twin sister and the grandmother. He recalls talking to them and the woman specifically mentioning that the children were twins and were to have a birthday the following day. According to the bus schedule, Block SM-61 was due at the Minnesota Avenue Station Terminal at 4:56 p.m. The distance from the M-16 bus bay to the entrance escalator is approximately 200 feet (See Figure 3).
2. Without eyewitnesses to the accident, it is not possible to determine exactly how the child's clothing became engaged in the escalator. Following the incident, both the MTP Officer and the DC Police attempted to question the grandmother but could get no coherent information from her concerning the details of the accident. The grandmother did state that she and the twin granddaughters were entering the station on the down escalator and the child was on her right and

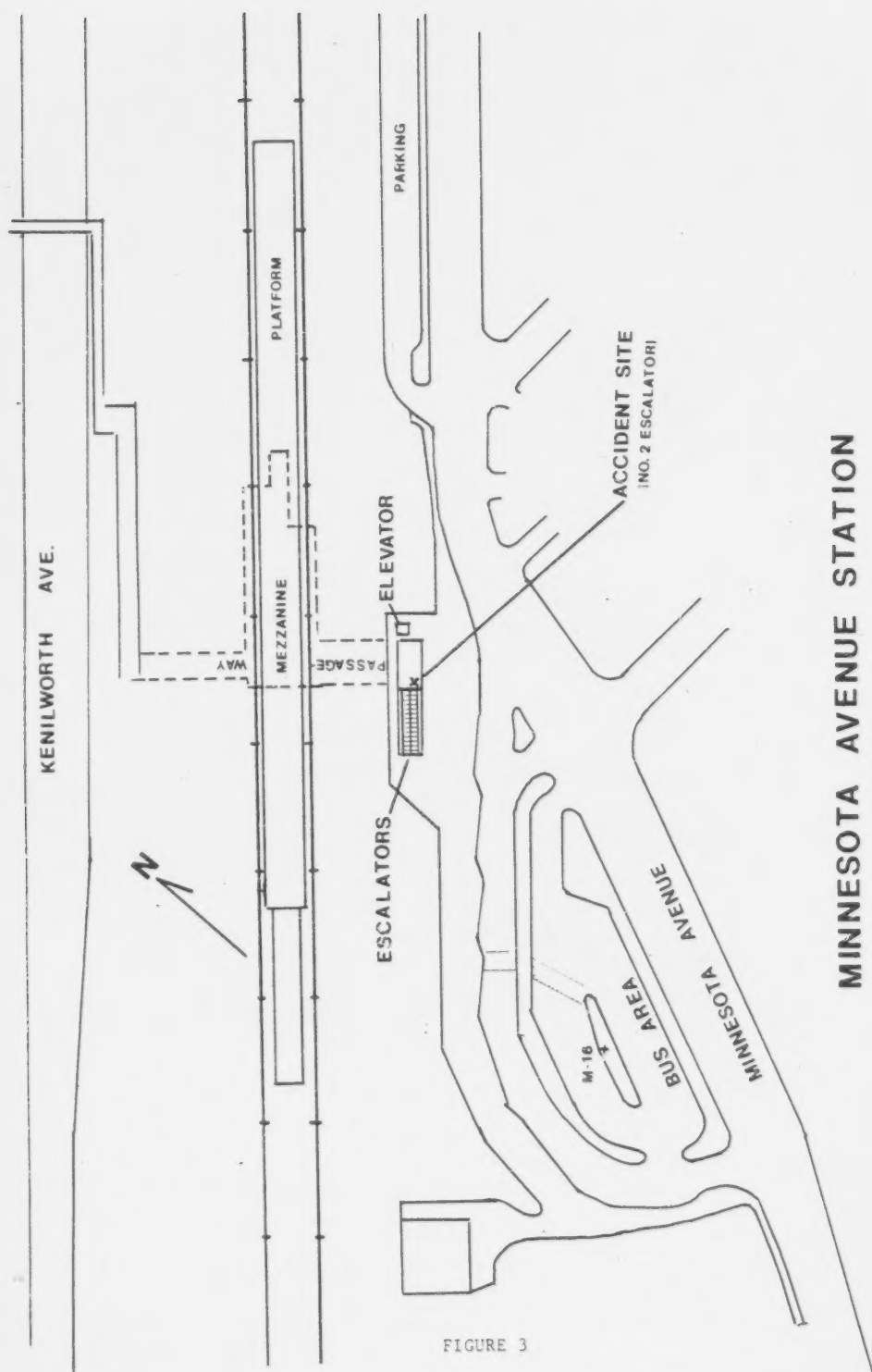


FIGURE 3

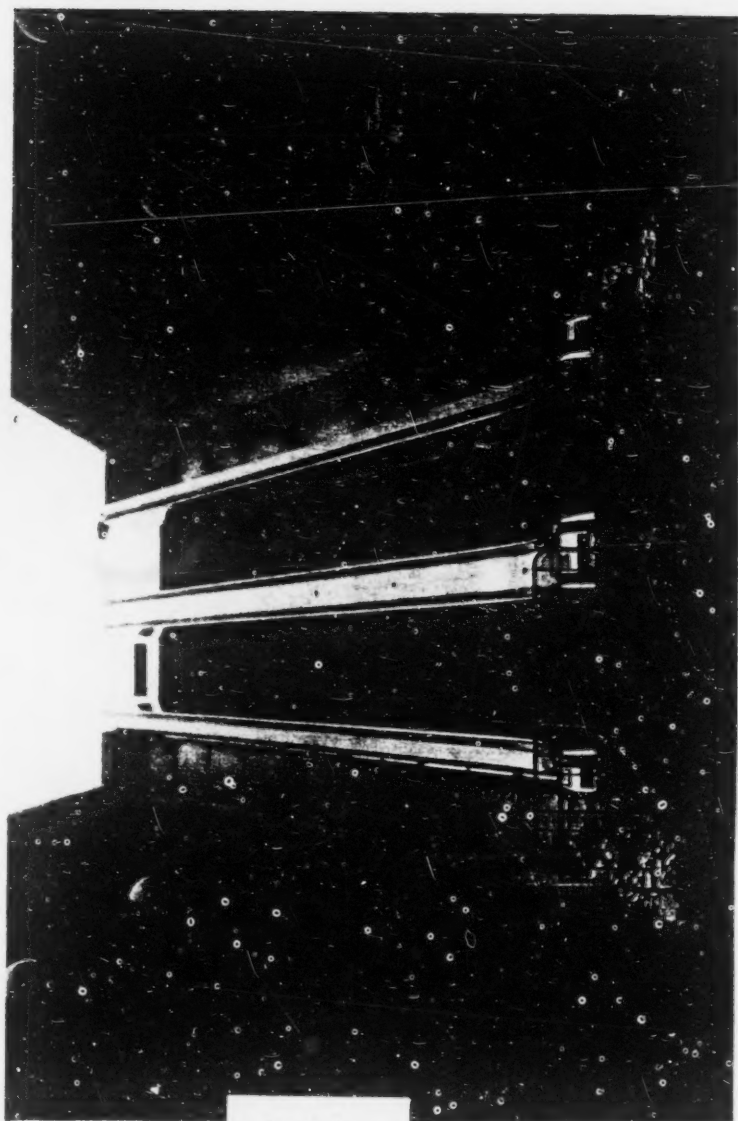


Figure 4

Minnesota Avenue Station Entrance Escalators.
 Number 2 (down) escalator at left.
 (Photographed 1/27/1985)

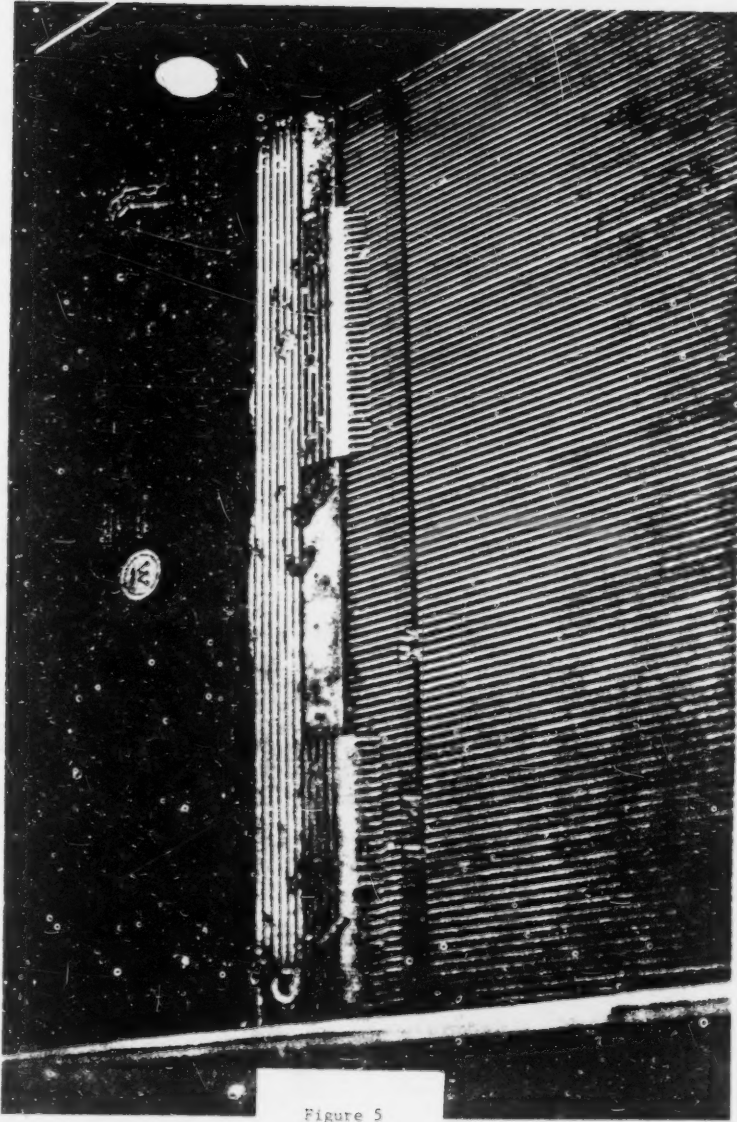


Figure 5

Number 2 Escalator Combplate Area.
Missing combplate sections removed
by D.C. Fire Department 1/26/1985.
(Photographed 1/27/1985)

the twin sister on her left. Based on the measurements made by the DC Medical Examiner of the free ends of the drawstring in the hood of the jacket worn by the victim (4 1/2 and 5 inches) and his findings as to the cause of death, asphyxia (strangled by the drawstring in the jacket hood), it is not possible that the drawstring could become engaged in the escalator mechanism unless the victim had been in a prone position on the escalator. (See Attachment 1.)

The following is a summary of the times associated with the accident and the subsequent responses to the scene:

Time	Event
4:56 p.m. (est)	Grandmother and twins arrive at Minnesota Avenue Station on M16 bus (Block SM-61)
5:01 p.m. (est)	Unidentified woman reports child stuck in escalator
5:01:50 p.m.	MTP Officer radios TPAS CC to report child stuck in escalator
5:02 p.m. (est.)	Escalator shut off
5:03:33 p.m.	Station Attendant notifies OCC of child stuck in escalator
5:05 p.m. (est)	DC Fire Department arrives (Engine Co. 27)
5:25 p.m. (est)	Child is transported to DC General Hospital
5:34 p.m.	Station is closed by DCFD and MTP
5:52 p.m.	Station is reopened
6:10 p.m.	Child is pronounced dead of asphyxiation at DC General Hospital

- a. The initial report of the incident was made to the Station Attendant and MTP Officer in the kiosk shortly after 5:00 p.m. by an unidentified woman (who did not remain at the scene or give her name). They went immediately to the escalators and the MTP Officer, upon seeing the child was caught, radioed TPAS Central Control to report the incident and request assistance (5:01:50 p.m.). The Station Attendant and MTP Officer shut off the escalator and attempted to remove the child and woman from the escalator. The woman had to be forcibly disengaged from the child and moved off the escalator. The MTP Officer discovered the child was caught and being pulled against the escalator combplate. In his initial examination, he was unable to locate the child's left arm because she was so tightly held against the combplate. Seeing the child was apparently having trouble breathing, he began to administer mouth to mouth resuscitation. At this point, the Station Attendant returned to the kiosk and called OCC (5:03:33 p.m.) to report the incident and request the assistance of escalator maintenance personnel.

- b. The DC Fire Department was notified by the TPAS Central Control and immediately dispatched units assigned to the Minnesota Avenue Station. The first unit, Engine Co. 27 arrived on the scene at 5:05 p.m. They began administering oxygen to the child and started to dismantle the escalator in order to free her. Ambulance personnel (Ambulance 10) of Truck Company 17 arrived shortly thereafter. The medical technician who examined the child found the clothing around her neck apparently free and open when he placed his hand under the child's chest to administer compression CPR, he could only feel part of the victim's left arm. This led him to believe that a portion of the child's left arm had been drawn through the escalator and was responsible for holding her tightly drawn against the combplate. After fire department personnel removed four of the escalator step treads, the stairs were manually moved in reverse direction loosening the clothing holding the child. This revealed that she had been held against the combplate by the drawstring of her jacket hood which had pressed so deeply into her neck that it could not be detected. Rescue personnel cut the drawstring which enabled them to free the child. They noted that the lower portion of the left sleeve had been drawn between combplate and step treads as well as some portions of the left front of the child's coat.
- c. Immediately upon notification of the incident, TPAS Central Control and OCC also dispatched backup units and supervisors to the scene. Escalator maintenance personnel working at a nearby station were dispatched to Minnesota Avenue to assist in dismantling the escalator.
4. Immediately after the incident, the escalator was taken out of service pending inspection by the DC Elevator Inspector which was accomplished on Monday, January 28, 1985. The Inspector determined that the escalator was in full compliance with the DC Elevator Code. His report is included at Attachment 2.
5. Construction

The Minnesota Avenue Station escalators were fabricated and installed according to Contract 1Z4054 for Escalators IV, October 1976. The escalator installation complied with ANSI standards and DC Codes and incorporated all required safety devices. (References 2, 3, and 4)
6. Maintenance and Inspection

The escalator was inspected by FMNT on 1/23/85. No significant defects were noted. All periodic (semi-annual, quarterly and monthly) servicing requirements were current. (See also Reference 1.)
7. Escalator Safety Program

Since March 1976, there has been an ongoing program concerning escalator operations and usage. Actions taken in response to this program include safety

announcements, additional lighting, signage, reduced operating speeds, and revisions to maintenance/inspection requirements. Between 1976 and 1983, these actions resulted in an 80% reduction in the escalator accident rate.

III. FINDINGS

Based upon the information available, the ad hoc Investigating Committee has concluded that this accident was not the result of any defect existing in the escalator. Specific findings of the Committee are as follows:

1. Escalators at the Minnesota Avenue Station including the one involved in the incident are in full compliance with the ANSI standards and the District of Columbia Elevator Code.
2. At the time of the accident, the escalator had no maintenance deficiencies or significant material defects and all maintenance and inspection actions were current.
3. Based on all information available to the Committee it is apparent that the drawstring of the child's jacket hood could not have become enmeshed in the escalator mechanism unless the child was in a prone position on the escalator steps.
4. Response by both the station attendant and the MTP Officer were both timely and correct for the circumstances and information available to them.
5. Notification and response of emergency personnel was timely and appropriate.

IV. CONCLUSION

The Committee found no defects in the escalator and no procedural deficiencies in its operation, inspection and maintenance nor in the responses by WMATA personnel and emergency units that contributed to this incident and its consequences. The Committee, therefore, concludes that no modifications in facilities and equipment or changes in procedures would have prevented this accident.

V. ADDITIONAL OBSERVATIONS

During the investigation, the Committee not only focused on the specific accident but also took the opportunity to review the series of past actions that have enhanced the overall safety of the Metrorail escalator systems. The Committee reviewed ongoing projects designed to continue this safety enhancement effort. Although none of these projects would have prevented this particular accident, it is WMATA's established policy to ensure the highest practical level of safety for our patrons. Therefore, the Committee suggests that the ongoing programs related to the continued enhancement of the overall safety of escalator systems should be sustained and expedited with emphasis on the following actions:

1. Continued implementation of the Metro Safety Tip program to promote patron safety awareness through posters and brochures. The safety poster and Metrobyline brochure for passengers provide reminders concerning escalator safety.

2. Continued efforts to enhance escalator signage to increase public awareness of the proper use of escalators.
3. Continue program to identify and install yellow plastic combplates. The replacement of the existing aluminum combplate with a acceptable plastic combplate in a contrasting yellow is under investigation. If these combplates are determined to meet safety and operational requirements, they should be installed throughout the system as soon as possible.
4. Continue to investigate the feasibility of incorporating a "controlled stop" mechanism on escalators. A "controlled stop" would gradually bring the escalator to a stop over a distance of 40 to 50 inches regardless of load.

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ATTACHMENT 1

AUTOPSY REPORT

Office of the Chief Medical Examiner
Government of the District of Columbia

CASE NO. 85-1-69

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Department of Human Resources
OFFICE OF THE CHIEF MEDICAL EXAMINER
19th Street & Massachusetts Avenue, S. E.
Washington, D. C., 20003

AUTOPSY REPORT

Case No. 85-01-069

Name GILBERT, MALISSA Age 3 Race Black Sex Female
Address 723 Madison Street, NW
Date and Time of Death About 5:00 PM on January 26, 1985 Found ☐
Date and Time of Autopsy 9:15 AM to 10:30 AM on January 27, 1985

TECHNICIAN: Mr. Clarence Gatling

CAUSE OF DEATH: ASPHYXIA (STRANGLER BY DRAW STRING
OF JACKET HOOD)

MANNER OF DEATH:

Natural Causes ☐
Accident ☒
Suicide ☐
Homicide ☐
Undetermined ☐
Unclassified ☐

Date January 28, 1985

Michael Bray
MICHAEL BRAY, M.D.
Medical Examiner

CLOTHING: The decedent is unclothed when first viewed. Received with the body is a violet wool knit hat, the hood of a violet padded jacket, which has had its draw string removed, a padded violet nylon jacket, brand name "SEARS", size 6X, with the name "Melissa" on the label, a pair of brown corduroy trousers which have been cut with scissors, a cream-color long sleeved stretch top, a white cotton tee shirt, a pair of yellow cotton panties, a pair of white cotton socks and a pair of blue leather shoes.

The knit cap is irregularly torn across approximately half of its circumference. The jacket hood shows a tread pattern in black grease on all of its outer surfaces, and focally on its inner surface. The lines of the tread pattern run principally perpendicular to the lower seam of the hood. As mentioned, no draw string is present in the hood.

Also received is a length of gray nylon cord, consistent with the draw string of the jacket hood. This cord has been tied in a loop with a bow knot, but the loop has been cut a single time at a point 20 inches and $4\frac{1}{2}$ inches, respectively, from the knot. The free ends of the bow knot measure 5 and $4\frac{1}{2}$ inches in length. A small amount of grease or dirt is observed focally on this cord, but no definite tread mark is present, and no abrasion or other abnormality is noted.

GENERAL EXAMINATION:

This is the body of a normally developed, adequately nourished Black girl appearing the given age of 3 years. It is 3 feet 2 inches in length and weighs 36 lbs. Rigor mortis is complete. Lividity is posterior.

NECK: A sharply defined ligature mark is present on the anterior surface and the right side of the neck. On the anterior surface of the neck, the ligature mark extends from approximately the left sternocleidomastoid muscle, below the left angle of the mandible, and crosses the midline approximately $5/8$ inch above the level of the laryngeal prominence. On the right side of the neck, the ligature marks follows an upward course, roughly parallel to the jaw line, then begins to taper at a point below the anterior margin of the right ear, then disappears at a point just below the hairline of the right side of the back of the neck. Along almost its entire course, except for the tapered area below and behind the right ear, the ligature mark is sharply defined, $1/8$ inch in width. There is a single area just to the left of the anterior midline of the neck, where the horizontally oriented mark is replaced by two diagonally oriented marks, measuring approximately $1/2$ inch in length. This is consistent with an abrasion made by the bow knot of the draw string of the jacket hood.

No ligature mark is observed on the back of the neck or the posterior portion of the left side of the neck. No other injuries of the neck are seen.

NECK ORGANS: A band of compressed tissue is observed deep to the previously described ligature mark of the neck. An area of hemorrhage is observed surrounding the immediately inferior to the body of the anterior portion of the right greater horn of the hyoid bone. No fracture of the hyoid bone or the thyroid or cricoid cartilages is seen. Focal hemorrhage is observed in the mucosal lining of the airway at the level of the hyoid bone and the upper portion of the thyroid cartilage. Focal hemorrhage is observed in the posterior portion of the tongue. The tongue is otherwise normal externally and on sectioning. Other than the described hemorrhage, the mucosal lining of the airway is normal, without evidence of airway obstruction. The thyroid gland is grossly normal externally and on sectioning. The cervical spine is normal to manipulation, without evidence of fracture, and no hemorrhage is seen in its fascia.

All other examinations reveal no abnormalities.

DIAGNOSES:

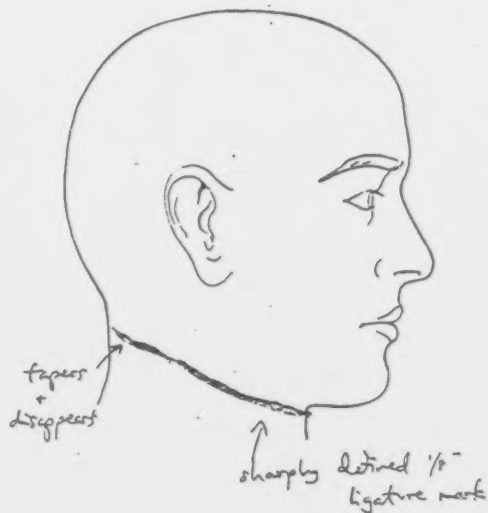
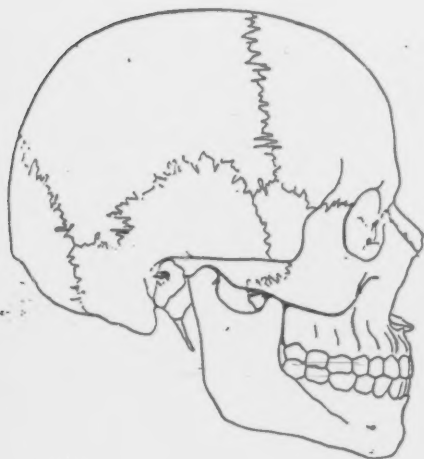
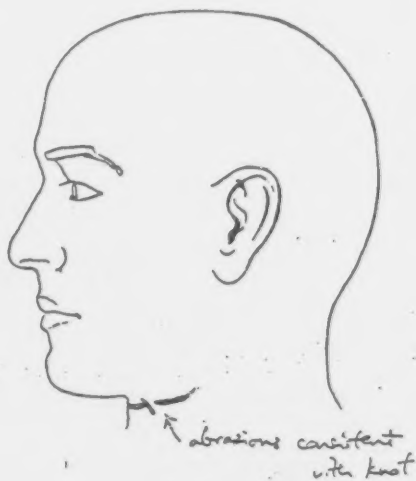
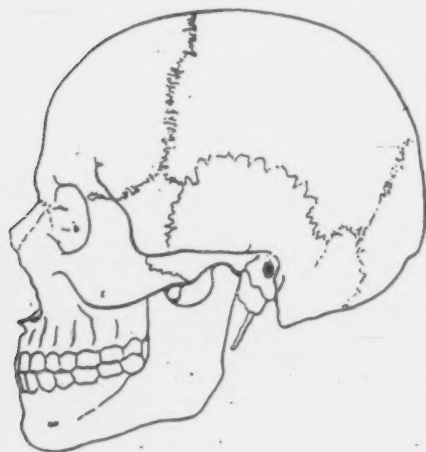
1. Ligature mark of neck, with petechial hemorrhages of orbits.
2. Hemorrhage adjacent to hyoid bone, with submucosal hemorrhage of upper airway.
3. Petechial hemorrhages of heart and thymus.
4. Pulmonary edema.

CAUSE OF DEATH:

Asphyxia (strangled by draw string of jacket hood)

MANNER OF DEATH:

Accident



BODY: The body is observed nude in the ER at DCGH. She is cool to the touch and nonrigorous. Petechial hemorrhage is present around both eyes. An incise wound is observed from the chin to the right ear, running around the juncture of the chin and neck. Vomitus emits from the nose when the body is rolled to observe the back. Only other trauma is associated with the resuscitative effort.

MPDC Investigators, notes of investigations:

Name of Investigators: George E. Steel/Sergeant J. T. McCann

Possible Manner of Death: Apparent accidental strangulation

Terminal Event: Officer Shawn Doodly of the Metro Transit Police (work phone #637-1566) relates that at approximately 5:00 pm, he and a station attendant were inside of the kiosk in the interior of the underground Metro stop located at 4000 Minnesota Avenue, Northeast, when an unknown female told them that there was a "baby stuck in the escalator." The officer and the attendant ran to the escalator and immediately notified the Metro dispatcher of what they had. The dispatcher in turn notified the Fire Department.

When first observed, the escalator was still running, and was turned off. The decedent was found to be lying, face down, on her grandmother, who was lying on the bottom step of the escalator, on her back. She was asked if she was stuck and stated "no"; she was told to move, but did not and had to bodily removed. The decedent was then lying face down on the bottom step of the "down" escalator. Her left arm was between her body and the escalator step, her right hand was stretched out away from the body, and her legs were also extended. Officer Doodly checked for an open airway by running his hand around her neck and the collar of her clothing and felt nothing significant. He moved her face to the side of that she was looking at him. He felt at that time that she was breathing spontaneously, and that her left arm was actually pulled into the escalator apparatus. (He felt that her arm was inside of the escalator because she was so tightly attached to the step, and he could not see any other reason why). At no time did the officer hear the child make a sound, nor did he notice her skin color or eyes.

A check with the Metro Police dispatcher reveals that Officer Doodly first called in at 5:02 pm. The D.C. Fire Department was dispatched at 5:04 pm and arrived at the scene shortly thereafter. Unknown to this investigator (who arrived on the scene at 5:45 pm after the decedent had been removed to the DCGH) how long the decedent was stuck on the escalator step. The decedent left the scene in the Medic 9 at 5:25 pm.

The grandmother of the decedent was interviewed on the scene and at the DCGH. It should be noted that she was somewhat intoxicated and hysterical.

Mrs. Truesdale related that she and her twin granddaughters, whom she can not tell apart, (there fore the Jane Doe classification) were entering the subway station via the down escalator. The decedent was on the right of her and decedent's sister (believed to be Melanie) was on her left. When they arrived at the bottom of the escalator, the decedent yelled: "Something is pulling me, grammy." and repeated it again. Mrs. Truesdale can only state that the decedent kept getting pulled down, that she does not know what was happening, that she tried to stop it.

Two employees of Westinghouse Elevator Co. (phone #833-5237) were on the scene as contract employees of Metro. They stated that the apparatus appeared to be normal and in good working condition. When asked, they replied that it is very common for articles of clothing to get caught in the "comb fingers", generally footwear, hems, pant cuffs.

ATTACHMENT 2

DISTRICT OF COLUMBIA ELEVATOR INSPECTION REPORT
JANUARY 30, 1985

Accident Report:

Minnesota Avenue Metro Station
January 26, 1985

Building and Land Regulation
Administration

January 30, 1985

MEMORANDUM

TO: W. Monroe Stewart, Chief
Building Inspection Division

THROUGH: James S. Riley, Acting Chief
Elevator Inspection Branch

FROM: Elmer A. Eley
Elevator Inspector

SUBJECT: Accident Report — 4000 Minnesota Avenue, N. W., (Minnesota Avenue
Metro Station), involving Millisa Gilbert, Age 3, of 723 Madison
Street, N. W., Washington, D. C.

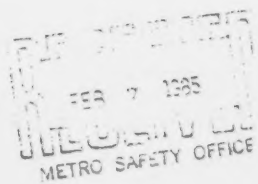
The accident occurred January 26, 1985, on Escalator No. 2.

This escalator was last inspected by Charles F. Madigan on December 20, 1984, and was found to be in full compliance with the D. C. Elevator Code. A further inspection was made on January 28, 1985, by Elmer A. Eley and was found to be in full compliance with the D. C. Elevator Code.

Statement of injured party: Deceased.

See attached accident report.

EAE:jet
File No.: 2236



ACCIDENT REPORT — January 28, 1985
Escalator No. 2
4000 Minnesota Avenue, N. E.

10:00 a.m.

This office received a report of an accident involving Escalator No. 2 at the Minnesota Avenue Metro Station which occurred on January 26, 1985, at approximately 5:00 p.m.

Upon arrival at the station, I observed the escalator to be out of service with portable barricades positioned in front of the steps at the top and bottom. I also observed that three, (3), sections of complates were missing on the bottom of the unit, but that all other protective covers, (ballustrades, floor plates and skirt boards), were in place.

In the presence of an elevator mechanic from the Westinghouse Elevator Company, I made a complete inspection of the switches connected in series with a relay which causes the unit to stop when the switches are actuated. The inspection began at the bottom of the unit and proceeded in the upward direction until all the switches were tested. All the switches; stop bottom, finger guard (2), chain link (2), skirt board (2), up thrust (1), and pit stop switch, worked in compliance with the District of Columbia Code dated November 1977. The switches tested in the center of the stairway are chain link (2), and broken rail switches (2). These switches tested satisfactorily and were in full compliance. The next series of switches tested were of the same type and description as those tested at the bottom of the unit and were found to be in full compliance with the Elevator Code.

After the escalator was buttoned up, I made visual inspections of the condition of the step treads, distances between the skirt boards and the outside of the step edges and the speed of the handrail as compared to the speed of the steps. At this time, the brake stepping distance was also measured. These were found to be in full compliance.

Before leaving the station, I authorized the escalator to be placed back in service only after the complates were secured tightly and this office was notified.

Mr. Bob White called this office at approximately 2:45 p.m. and informed me that the repairs had been completed at about 1:50 p.m.

This report is incomplete at this time.

Elmer A. Eley
Elevator Inspector — January 28, 1985

POLICE REPORT — January 29, 1985
4000 Minnesota Avenue, N. E.

On January 29, 1985, at about 10:00 a.m., I reviewed the death report and incident report filed by the homicide detectives.

This report was not pertinent to the investigation being conducted by this office and was of a "sensitive nature" and could not be recopied.

The only information needed by this office was the name of the grandmother and her residence, (Mrs. Elizabeth Truesdale), 3746 Hayes Street, N. E., Washington, D. C., telephone — 399-1303.

Elmer A. Eley
Elevator Inspector — January 29, 1985

ACCIDENT REPORT — January 30, 1985
4000 Minnesota Avenue, N. E.
(Mechanic On Scene)

On January 30, 1985, I interviewed Mr. Robert Walker who received the call and was on the scene at about 5:40 p.m. Mr. Walker is employed by the Westinghouse Elevator Company.

He related to me that, upon his arrival, the person had been removed by the fire department and was already on the way to the hospital. He also stated he noticed the hood of a jacket between the steps and the combplates and floorplates after he had gained entrance to the pit area. Additionally, he noted that the escalator did not appear to have been damaged in that area.

The reports that I have seen and the people I have interviewed do not indicate or offer any names as to any person or persons who may have witnessed the accident.

Due to the delay in reporting this incident to this office, approximately forty-one hours, the information detailed in this report can only be offered as written.

Elmer A. Eley
Elevator Inspector — January 31, 1985

REFERENCES

The following documents and memoranda contain information cited in this report. Because of their length, they have not been reproduced as attachments. All documents are on file in the WMATA Safety Office.

1. WMATA Escalator Maintenance and Inspection Logs - Minnesota Avenue Station
2. WMATA Contract 124054, October 1976 for the Fabrication and Installation of Escalators IV.
3. ANSI/ASME 17.1 - 1981 Safety Code for Elevators and Escalators
4. District of Columbia Elevator Code 1977

URBAN MASS TRANSPORTATION ADMINISTRATION

QUESTIONS SUBMITTED BY SENATOR ANDREWS

SENATOR ANDREWS: Administrator Stanley has UMTA rated Metro's remaining segments using the new start criteria? If so, how did they come out?

ANSWER: Yes we have. In response to the same type query by the Senate Appropriations Subcommittee during last year's hearing, we have drafted a report evaluating the unbuilt WMATA segments according to our ranking system. The report will be transmitted to the Congress as soon as it has been reviewed within the Department. The initial findings of the study indicate that the Anacostia to Branch Avenue segment is cost effective and competes well against projects from other cities, the U Street to Greenbelt segment is marginally cost effective and does not compete well, and that both the Wheaton to Glenmont and the King Street to Franconia segments have excessive costs compared to ridership and, therefore, are very poor investments.

SENATOR ANDREWS: In her opening statement, Ms. Turner mentioned that the Metro construction was in jeopardy because of delays in approval of FY 1985 grants. Is the delay due to the negotiation of "full funding" provisions, which limit Federal financial participation in a particular project?

ANSWER: UMTA has advised WMATA that a full funding agreement will be necessary prior to Federal approval of any additional funds authorized under the Stark-Harris Act.

WMATA is preparing a proposed agreement to meet these conditions for Federal funds and we expect that UMTA/WMATA negotiations will commence shortly.

Although UMTA has not as yet approved any FY 1985 construction funds, we do not anticipate that this will result in any delay to WMATA's Metrorail construction program.

SENATOR ANDREWS: Why has the Administration proposed to fund the Metro construction program at the same level as last year while proposing major reductions in capital programs in all other cities?

ANSWER: The Washington Metro system has a separate authorization of \$1.7 billion which was contained in the legislation commonly referred to as Stark-Harris enacted in 1980. No other mass transit system received such support from Congress.

This Administration believes it does have a commitment to fund the Stark-Harris authorization, but that commitment is subject to several conditions which we are currently working on with WMATA officials.

Under the White House/Senate Leadership Budget Compromise a reduction of 25 percent from the FY 1985 level is recommended in FY 1986 for Washington Metro. The Administration supports the Compromise as a complete package including the reduction in Metro funding. If changes are made in components of the package, our support may be jeopardized.

QUESTIONS SUBMITTED BY SENATOR KASTEN

SENATOR KASTEN: Mr. Stanley, how do you intend to require greater local participation by the District of Columbia in paying its "fair" share" of the new Metro expansions?

ANSWER: The Department is currently negotiating a full funding agreement with WMATA for all funds remaining under the Stark-Harris legislation. Generally, this agreement will cover total Federal funding, matching ratios, funding and construction schedules, cost overruns and extraordinary expenses.

SENATOR KASTEN: Are you prepared to ask WMATA to increase rider fares if the current 80/20 matching ratio cannot be increased by local participation?

Answer: No, I am not. The setting of transit fares is an issue to be resolved at the local level.

QUESTIONS SUBMITTED BY SENATOR CHILES

SENATOR CHILES: The \$250 million requested by WMATA represents a continuation of last year's funding level. At the same time that this mass transit construction program is being funded without reduction, the UMTA Budget proposes ending all mass transit assistance except for the penny-a-gallon gasoline transit tax. What is the reason for the differing treatment being given these two programs? Why can't some of the funding proposed for WMATA be used to assist some projects in other cities?

ANSWER: The concern of Congress over transportation in the Washington metropolitan area was evidenced by the enactment of a separate authorization, the Stark-Harris legislation, of \$1.7 billion to construct the Washington Metro system. This funding is separate and distinct from the funding authorized under the UMTA Act. Stark-Harris funds cannot be transferred to any other cities outside the Washington metropolitan area.

SENATOR CHILES: As Metro moves toward completing segments beyond the core mileage, it might be that ridership on these segments would not be as heavy as that in other projects in other cities which cannot be funded under the UMTA Mass Transit budget. Has any comparative analysis been done to note the cost/benefit ratios of additional Metro projects as against proposed projects in other cities? Should not Metro funding compete for UMTA's limited funds against other rapid rail projects across the country?

ANSWER: After the Stark-Harris authorization for the Washington Metropolitan Area is exhausted, WMATA will have to compete with other cities in UMTA's New Starts ranking system to obtain Federal funding for new construction. To date, under the Stark-Harris resource, WMATA has not had to compete with other cities for New Starts funding.

ARCHITECTURAL AND TRANSPORTATION BARRIERS
COMPLIANCE BOARD

STATEMENT OF MADELEINE WILL, VICE CHAIR, ARCHITECTURAL AND
TRANSPORTATION BARRIERS COMPLIANCE BOARD

ACCOMPANIED BY:

DAVID MYERS, BOARD MEMBER

ROBERT WALLING, EDUCATION DEPARTMENT STAFF LIAISON

ROBERT JOHNSON, EXECUTIVE DIRECTOR

MERRILY RAFFA, GENERAL COUNSEL

PREPARED STATEMENTS

Senator ANDREWS. We will next hear the Architectural and Transportation Barriers Compliance Board. As I mentioned earlier, your initial statements will appear in the record as if given in their entirety. We would like to get to the questions.

[The statements follow:]

(795)

STATEMENT OF MADELEINE WILL

I AM MADELEINE WILL, ASSISTANT SECRETARY OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES, DEPARTMENT OF EDUCATION, AND VICE CHAIR OF THE ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD. I AM PLEASED TO APPEAR BEFORE YOU THIS MORNING ON BEHALF OF BOARD CHAIR, CHARLES HAUSER, TO PRESENT THE ADMINISTRATION'S BUDGET REQUEST OF \$1.93 MILLION FOR FISCAL YEAR 1986. THIS REQUEST REFLECTS THE COMMITMENT BY THE BOARD AND THIS ADMINISTRATION TO CREATE A MORE ACCESSIBLE ENVIRONMENT FOR DISABLED PERSONS.

BEFORE ADDRESSING THE BOARD'S CURRENT AND PROJECTED ACTIVITIES, I WOULD LIKE TO HIGHLIGHT SOME OF OUR MOST NOTEWORTHY ACCOMPLISHMENTS OF THE PAST YEAR.

FY 1984 ACTIVITIES

ONE OF THE BOARD'S MOST PRESSING PRIORITIES IS THE COMPLETION OF THOSE SECTIONS OF THE BOARD'S MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN WHICH HAVE BEEN RESERVED OR IDENTIFIED AS NEEDING ADDITIONAL DEVELOPMENT. AS YOU WILL RECALL, THE BOARD HOPED TO OBTAIN SUFFICIENT ADDITIONAL INFORMATION THROUGH RESEARCH AND FIELD EXPERIENCE TO PERMIT MORE INFORMED DEVELOPMENT OF ACCESSIBILITY REQUIREMENTS IN THESE AREAS.

TO ADDRESS THESE AREAS, THE BOARD HAS DEVELOPED AN ONGOING RESEARCH AND TECHNICAL ASSISTANCE PROGRAM. IN MARCH OF 1983, THE BOARD DEVELOPED A LIST OF RESEARCH PRIORITIES IN ORDER TO IDENTIFY SECTIONS NEEDING ADDITIONAL INFORMATION. THE BOARD PERIODICALLY REVIEWS AND, WHEN NECESSARY, REVISES THE LIST TO REFLECT CURRENT RESEARCH FINDINGS.

I AM DELIGHTED TO REPORT THAT THE FIRST MAJOR SET OF RESEARCH PROJECTS WHICH WERE FUNDED AT THE END OF FY 1983, ARE BEGINNING TO YIELD POSITIVE RESULTS WHICH I FEEL MOVES US ONE STEP CLOSER TOWARD OUR GOAL OF COMPLETING THE GUIDELINES. LET ME SUMMARIZE THESE PROJECTS AND THE FINDINGS:

TELECOMMUNICATION DEVICES FOR DEAF PERSONS

IN 1983, CONGRESS PROVIDED \$120,000 TO THE BOARD TO COLLECT AND ANALYZE DATA ON TELECOMMUNICATION DEVICES FOR DEAF PERSONS (TDDS). THE STUDY, WHICH WAS JUST RECENTLY CONCLUDED, PROVIDED THE BOARD WITH AN IN-DEPTH ANALYSIS OF BARRIERS FACING DEAF, HEARING-IMPAIRED AND SPEECH-IMPAIRED PERSONS NEEDING TO USE A TELEPHONE, AND OF OPTIONS FOR REMOVAL OF THESE BARRIERS. IT INCLUDED RESEARCH ON TDD USERS, EQUIPMENT, FACTORS AFFECTING TDD USE, AND STEPS THAT MIGHT ENHANCE ACCESS TO FEDERAL OFFICES AND PROGRAMS FOR TDD USERS.

THE FINDINGS OF THE REPORT INDICATE THAT FEDERAL TDDS ARE NOT BEING USED EFFECTIVELY AND THAT ACCESS TO FEDERAL OFFICES AND PROGRAMS COULD BE SIGNIFICANTLY IMPROVED. UNDERUTILIZATION OF TDDS CAN BE ATTRIBUTED TO MANY FACTORS, INCLUDING THE LACK OF A COMPREHENSIVE LISTING OF FEDERAL TDD EQUIPPED TELEPHONES AND THE LACK OF KNOWLEDGE AND TRAINING ON THE PART OF FEDERAL OFFICE STAFF CONCERNING THE EXISTENCE AND USE OF TDDS.

TO ADDRESS THESE PROBLEMS, THE RESEARCHERS DEVELOPED A SET OF RECOMMENDATIONS WHICH, IF IMPLEMENTED, WOULD HELP TO ESTABLISH AN EFFECTIVE FEDERAL TDD TELECOMMUNICATION SYSTEM. THEIR RECOMMENDATIONS INCLUDED THE FOLLOWING:

- THE COMPILATION AND MAINTENANCE OF A TDD DIRECTORY FOR FEDERAL OFFICES AND PROGRAMS;
- THE DEVELOPMENT OF A STANDARD LOGO TO IDENTIFY THE TDD IN SIGNS AND IN LITERATURE PUBLICIZING TDD SERVICES;
- THE INSTALLATION OF TDD-ACCESSIBLE PUBLIC PHONES, E.G., PHONES HAVING A FLAT PLATFORM UPON WHICH A TDD MAY BE PLACED, AN ELECTRICAL OUTLET INTO WHICH TDDS MAY BE PLUGGED, AND SIGNAGE INSTRUCTING THE USER HOW TO MAKE TELEPHONE CALLS WITH THE TDD;
- THE INSTALLATION OF TDD-EQUIPPED PUBLIC PHONES;
- THE CREATION OF ONE OR MORE "RELAY SYSTEMS" ALLOWING TDD USERS TO GAIN TELEPHONIC ACCESS TO ANY DESIRED FEDERAL OFFICE OR PROGRAM; AND
- THE ESTABLISHMENT OF A FOCAL POINT WITHIN THE FEDERAL GOVERNMENT TO ENSURE EFFECTIVE TDD SERVICES THROUGHOUT THE FEDERAL GOVERNMENT.

IN ADDITION TO THIS STUDY ON TDDS, THE BOARD ON JANUARY 26, 1984, ISSUED AN INVITATION TO THE PUBLIC TO COMMENT ON THE AVAILABILITY OF TDDS IN TRANSPORTATION FACILITIES. THE MAJOR CONCLUSIONS DERIVED FROM THE MORE THAN 550 RESPONSES TO THE INVITATION WERE THAT: TRANSPORTATION FACILITIES ALMOST ALWAYS LACK TDD SERVICES; ASSISTANCE AND INFORMATION ARE THE MOST CRITICAL NEEDS OF DEAF TRAVELERS; AND TDDS SHOULD BE PLACED AT BANKS OF PUBLIC PAY PHONES NEAR INFORMATION CENTERS AND IN EACH MAIN TERMINAL. MOST RESPONDENTS FELT THAT THE MAJORITY OF THE CURRENT TDD AND SIGNAGE SERVICES WERE INADEQUATE. I WILL BE ADDRESSING THESE LATER IN THE DISCUSSION OF THE BOARD'S FY 1985 ACTIVITIES.

RESEARCH

HAND ANTHROPOMETRICS--IN SEPTEMBER 1984, THE BOARD AWARDED A CONTRACT TO CONDUCT RESEARCH INTO THE AREA OF HAND ANTHROPOMETRICS. THE IMPORTANCE OF RESEARCH IN THIS AREA IS THAT SO MANY OF OUR DAILY ACTIVITIES ARE DEPENDENT UPON OUR ABILITY TO USE CONTROLS AND MECHANISMS WHICH OFTEN REQUIRE A REFINED DEGREE OF MOTOR COORDINATION AND ABILITY TO WORK AGAINST RESISTANCE. THIS IS, HOWEVER, OFTEN EXCEPTIONALLY DIFFICULT, IF NOT IMPOSSIBLE, FOR PERSONS WITH LIMITED MUSCLE CONTROL AND USE OF THEIR UPPER LIMBS OR HANDS. THIS PROJECT WILL ADDRESS THE DEXTERITY AND THE MANEUVERING CAPABILITIES OF PERSONS WITH LIMITED MUSCLE CONTROL AND WILL PROVIDE THE BOARD WITH SUFFICIENT INFORMATION TO PROVIDE TECHNICAL ASSISTANCE AND TO ESTABLISH TECHNICAL AND USAGE REQUIREMENTS FOR CONTROLS AND OPERATING MECHANISMS WHICH CAN BE USED BY PERSONS WITH HAND AND/OR FINGERING LIMITATIONS. ALTHOUGH SOME PRESENT STANDARDS AND CODES DO ADDRESS THE DESIGN OF CONTROLS, THEY ARE, TO SAY THE LEAST, GENERAL IN NATURE.

ENVIRONMENTAL INFORMATION SYSTEMS/DETECTABLE TACTILE SURFACE TREATMENTS--IN DEVELOPING THE BOARD'S MINIMUM GUIDELINES, THE BOARD IDENTIFIED FOR FURTHER RESEARCH A NUMBER OF AREAS RELATING TO THE ORIENTATION AND WAYFINDING OF SENSORY AND MOBILITY IMPAIRED PERSONS. THE BOARD BEGAN INITIAL PHASES OF TWO RESEARCH EFFORTS IN FY 1984 IN THE ENVIRONMENTAL INFORMATION SYSTEMS AREA--DETECTABLE TACTILE SURFACE TREATMENTS AND SIGNAGE.

THE BOARD AWARDED A MAJOR RESEARCH CONTRACT IN LATE FY 1983 IN THE AREA OF DETECTABLE TACTILE SURFACE TREATMENTS. THIS PROJECT IS PART OF THE BOARD'S OVERALL INFORMATION SYSTEMS RESEARCH PROGRAM FOR PARTIALLY SIGHTED AND BLIND PERSONS.

THE PURPOSE OF THIS PROJECT IS TO PROVIDE THE BOARD WITH SUFFICIENT INFORMATION TO ESTABLISH TECHNICAL AND USAGE REQUIREMENTS FOR SURFACE TREATMENTS AT HAZARDOUS LOCATIONS AND FOR WAYFINDING AND ORIENTATION. THE RESEARCH WILL PROVIDE CONCLUSIONS ON WHETHER CUEING DEVICES FOR VISUALLY IMPAIRED PERSONS CURRENTLY IN USE DO INDEED CONVEY THE INTENDED MESSAGE OR IF, ON THE CONTRARY, THEY INDUCE MOBILITY OR OTHER TYPES OF HAZARDS FOR PERSONS WHO ARE MOBILITY IMPAIRED. AS PART OF THE PROJECT, THE RESEARCHERS ARE TESTING PARTICIPANT RECOGNITION OF CHANGES IN FLOOR TREATMENTS, CHECKING TO SEE WHICH MATERIALS ARE MOST EASILY DETECTED AND WHICH CUES ARE REACTED TO MOST QUICKLY.

THIS PROJECT NOT ONLY ADDRESSES ONE OF THE MAJOR POLICY OBJECTIVES OF THE BOARD WHICH IS TO COMPLETE THE RESERVED PORTIONS OF THE MINIMUM GUIDELINES AND REQUIREMENTS, BUT IT ALSO WILL PROVIDE INFORMATION THAT IS CRITICAL TO THE SAFETY AND WELFARE OF PEOPLE WITH VISUAL IMPAIRMENTS. SOME CONSUMER ORGANIZATIONS PERCEIVE THIS PROJECT AS A CRITICAL LIFE SAFETY ISSUE AND POINT TO THE DEATHS AND INJURIES THAT HAVE OCCURRED AS A RESULT OF NUMEROUS (ESTIMATED 30 TO 60) INCIDENTS OF VISUALLY IMPAIRED PERSONS FALLING OFF TRANSIT STATION PLATFORMS. IT ALSO CAN BETTER ASSIST ARCHITECTS, LANDSCAPE ARCHITECTS AND INTERIOR DESIGNERS IN SPECIFYING MATERIALS FOR SURFACE TREATMENTS THAT CAN SERVE AS EFFECTIVE INFORMATION AND GUIDANCE SYSTEMS FOR SIGHTED AND VISUALLY IMPAIRED PERSONS.

THE FINDINGS ARE EXPECTED LATER THIS SUMMER.

SIGNAGE--SIGNAGE IS ANOTHER PART OF THE ATBCB MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN FOR WHICH MOST PROVISIONS HAVE BEEN RESERVED. SECTIONS OF THE GUIDELINES WHICH HAD BEEN RESERVED INCLUDE SIGNING REQUIREMENTS FOR NEW CONSTRUCTION AND ALTERATION PROJECTS, PARKING

AND PASSENGER LOADING ZONES, ELEVATOR EMERGENCY COMMUNICATION SYSTEMS, TOILET AND BATHING FACILITIES, AND PUBLIC TELEPHONES. IN ADDITION, THE TECHNICAL SECTION ON GENERAL SIGNAGE FOR SPACES WHERE SIGNS MAY BE DESIRABLE OR NECESSARY IS RESERVED.

AS PART OF THE FY 1983 FUNDED PROJECT, THREE BOARD-SPONSORED WORKSHOPS ON SIGNAGE AND OTHER INFORMATION SYSTEMS WERE CONDUCTED DURING 1984. THE OBJECTIVES OF THESE WORKSHOPS WERE:

- TO OBTAIN RECOMMENDATIONS FROM EXPERTS ON A NUMBER OF SIGNIFICANT SIGNAGE ISSUES;
- TO DETERMINE THE FEASIBILITY AND DESIRABILITY OF IMMEDIATELY ESTABLISHING SPECIFIC REQUIREMENTS THAT COULD BE INCLUDED IN THE MINIMUM GUIDELINES AND REQUIREMENTS;
- TO PROVIDE THE BOARD WITH SUFFICIENT INFORMATION TO ESTABLISH TECHNICAL AND USAGE REQUIREMENTS FOR SIGNAGE THAT ARE KNOWN TO TRANSMIT INFORMATION EFFECTIVELY TO DISABLED PERSONS;
- TO DEVELOP AN INTERDISCIPLINARY PLAN FOR RESEARCH OF SIGNAGE AND OTHER ORIENTATION AND WAYFINDING ISSUES FOR DISABLED PERSONS.

A RESEARCH TEAM TESTED 167 CONSUMERS. PARTICIPANTS WERE TESTED ON THE READING OF RAISED AND INCISED SIGNS, CHARACTER SIZES, FONTS, AND SPACING. THE RESULTS FROM THIS TESTING, WHICH IS BELIEVED TO BE THE ONLY SUCH STUDY TESTING SUCH A LARGE NUMBER OF PARTICIPANTS, INDICATED WHICH ELEMENTS OF THE TACTILE SIGNS--HEIGHT, SPACING OR STYLE--EXPEDITE CORRECT IDENTIFICATION.

ALARMS--EFFECTIVE EMERGENCY ALARM SYSTEMS RAISE CRITICAL LIFE SAFETY ISSUES WHICH ARE OF PARTICULAR CONCERN TO HEARING IMPAIRED AND DEAF, MOBILITY IMPAIRED, AND VISUALLY IMPAIRED AND BLIND CONSUMERS. AS A FIRST STEP IN ADDRESSING THIS ISSUE, THE BOARD SPONSORED IN FY 1983 THE DEVELOPMENT OF A TECHNICAL PAPER IN THE AREA OF ALARMS AND ALARM SYSTEMS, WHICH WAS COMPLETED IN FY 1984. THIS PAPER DESCRIBED THE STATE OF THE ART ON AUDIO, VISUAL, SENSORY AND OTHER ALARM SYSTEMS; DESCRIBED RESEARCH AND FIELD EXPERIENCE WITH DISABLED PERSONS AND ALARM TECHNOLOGIES; INCLUDED A REVIEW AND DISCUSSION OF FEDERAL, STATE AND MODEL CODES AND STANDARDS;

PROVIDED AN ANNOTATED BIBLIOGRAPHY REFERENCING PERTINENT LITERATURE AND, PERHAPS MOST IMPORTANTLY, IDENTIFIED AREAS WHICH REQUIRE FURTHER RESEARCH, INCLUDING SUGGESTIONS FOR ADDRESSING THESE AREAS.

THE FINDINGS FROM THIS TECHNICAL PAPER HAVE BEEN USED TO DEVELOP FURTHER STATEMENTS OF WORK FOR CONTINUED RESEARCH IN THIS AREA. THEY HAVE ALSO INCREASED THE BOARD'S ABILITY TO PROVIDE TECHNICAL ASSISTANCE IN THIS VITAL AREA TO PUBLIC AND PRIVATE ENTITIES.

COMPLIANCE AND ENFORCEMENT

IN THE COMPLIANCE AND ENFORCEMENT AREA, THE BOARD CONTINUED TO FULFILL ITS RESPONSIBILITIES TO ENSURE COMPLIANCE WITH THE ARCHITECTURAL BARRIERS ACT OF 1968 (BARRIERS ACT). THIS PAST YEAR, THE BOARD EXPERIENCED AN INCREASE IN THE NUMBER OF COMPLAINTS RECEIVED. I AM PLEASED TO REPORT THAT EVEN THOUGH THE NUMBER OF COMPLAINTS ROSE, THE NEED FOR ADDITIONAL STAFF WAS OBTIATED DUE TO THE IN-HOUSE STREAMLINING OF THE COMPLAINT PROCESSING SYSTEM. THIS STREAMLINING EFFORT INCLUDED THE INCREASED USE OF FORMS, WHEN POSSIBLE; REVISION OF FORMS TO REQUEST ONLY THE MOST ESSENTIAL INFORMATION; THE INCREASED USE OF TELEPHONE CALLS RATHER THAN LETTER WRITING, WHERE POSSIBLE; AND DEVELOPMENT OF A MANAGEMENT TRACKING SYSTEM TO ASSURE EFFICIENT PROCESSING OF COMPLAINTS. IN ADDITION, THE COMPUTER ENTRY PROCESS WAS EXAMINED AND WAYS WERE FOUND TO STREAMLINE THE AMOUNT OF INFORMATION AND REPORTS NEEDED, THEREBY SAVING SUBSTANTIAL AMOUNTS OF DATA ENTRY TIME.

THE COMPLAINTS RECEIVED THIS YEAR REPRESENTED ORGANIZATIONS AND INDIVIDUALS IN 37 STATES, THE DISTRICT OF COLUMBIA AND OVERSEAS. THE COMPLAINTS RECEIVED THIS YEAR REPORTED SUCH ACCESSIBILITY PROBLEMS AS ELEVATORS, LACK OF BUS LIFTS, LACK OF PARKING FOR HANDICAPPED PERSONS, LACK OF RAMPS AND CURB CUTS, TACTILE IDENTIFICATION FOR PERSONS WITH VISUAL IMPAIRMENTS AND INACCESSIBLE TRANSPORTATION VEHICLES.

I AM PLEASED TO REPORT THAT THE BOARD, WHICH HAS ALWAYS EMPHASIZED VOLUNTARY CORRECTIVE ACTION, HAD NO NEED TO INITIATE FORMAL ENFORCEMENT

PROCEEDINGS THIS YEAR. WE ACHIEVED VOLUNTARY CORRECTIVE ACTION IN 100% OF THE CASES OVER WHICH WE HAD JURISDICTION AND IN WHICH A VIOLATION WAS FOUND.

EXAMPLES OF VOLUNTARY CORRECTIVE ACTIONS THAT WE ACHIEVED INCLUDE: INSTALLATION OF AN ELEVATOR IN A VETERANS ADMINISTRATION MEDICAL FACILITY; INSTALLATION OF AN ELEVATOR IN A COLORADO COURTHOUSE; CORRECTION OF SLOPE OF A RAMP IN A FEDERAL OFFICE BUILDING IN WASHINGTON, D.C.; INSTALLATION OF CURB CUTS ON A TOWN MALL IN CALIFORNIA; INSTALLATION OF ACCESSIBLE PARKING SPACES AT A TEXAS POST OFFICE; RELOCATION OF A VOTING SITE TO AN ACCESSIBLE LOCATION IN WISCONSIN; REPAIR OF AUTOMATIC DOORS AND INSTALLATION OF MOTOR SENSORS AT THE ENTRANCE TO A FEDERAL OFFICE BUILDING IN WASHINGTON, D.C.; ALTERATIONS TO A HOUSING PROJECT IN MISSOURI TO ACCOMMODATE HANDICAPPED PERSONS; ALTERATIONS TO IMPROVE ACCESSIBILITY OF A COURTHOUSE ANNEX IN PENNSYLVANIA; INSTALLATION OF A DOORBELL AND ADJUSTMENT OF DOOR PRESSURE AT A LIBRARY IN ARKANSAS; LOWERING OF A BIN HANDLE AT A WISCONSIN POST OFFICE; INSTALLATION OF SIGNAGE ABOUT ACCESSIBILITY AT THE AIR AND SPACE MUSEUM IN WASHINGTON, D.C.; AND INSTALLATION OF TWO TELECOMMUNICATION DEVICES FOR THE DEAF (TDDS) AT AN AIRPORT IN COLORADO.

TRANSPORTATION

I AM MOST ENTHUSIASTIC ABOUT THE PROGRESS WHICH THE BOARD HAS MADE IN AN AREA WHICH I KNOW IS OF SPECIAL CONCERN TO THIS COMMITTEE--THAT OF TRANSPORTATION.

THE BOARD IS VESTED WITH VARIOUS STATUTORY FUNCTIONS RELATING TO TRANSPORTATION BARRIERS CONFRONTING DISABLED PERSONS. THESE INCLUDE DUTIES TO INVESTIGATE AND EXAMINE ALTERNATIVE APPROACHES TO TRANSPORTATION BARRIERS, PARTICULARLY WITH RESPECT TO PUBLIC TRANSPORTATION; TO PREPARE PLANS AND PROPOSALS FOR ACTIONS AS MAY BE NECESSARY TO THE GOAL OF ADEQUATE TRANSPORTATION; TO INSURE THAT PUBLIC CONVEYANCES, INCLUDING ROLLING STOCK, ARE READILY ACCESSIBLE TO AND USABLE BY HANDICAPPED PERSONS; AND TO DEVELOP STANDARDS AND PROVIDE APPROPRIATE TECHNICAL ASSISTANCE TO ANY PUBLIC OR PRIVATE ACTIVITY, PERSON, OR ENTITY AFFECTED BY REGULATIONS PRESCRIBED

PURSUANT TO TITLE V OF THE REHABILITATION ACT. IT IS NOT CLEAR AT THIS TIME WHAT THE LIMITS TO THIS AUTHORITY ARE. THE BOARD IS AWAITING A RESPONSE FROM THE OFFICE OF LEGAL COUNSEL.

DURING FY 1984, THE BOARD FURTHERED ITS EFFORTS IN ITS INVESTIGATION OF BARRIERS TO AIR TRAVEL ENCOUNTERED BY DISABLED PERSONS. AS PART OF THIS EFFORT, THE BOARD FORMED A WORKING GROUP WHICH IS COMPRISED OF REPRESENTATIVES FROM THE DEPARTMENT OF TRANSPORTATION, INCLUDING THE FEDERAL AVIATION ADMINISTRATION, AND THE CIVIL AERONAUTICS BOARD. THIS GROUP HAS ASSISTED THE BOARD IN REVIEWING EXISTING REGULATIONS, DEVELOPING RECOMMENDATIONS TO ENSURE THE SAFETY OF PERSONS WITH DISABILITIES, AND DETERMINING WAYS TO ADDRESS AIRCRAFT BOARDING CHAIRS, AIRPORT LIFTS AND PERSONNEL TRAINING PROGRAMS. THE WORKING GROUP ALSO BEGAN DISCUSSIONS ON PROBLEMS INVOLVED WITH WHEELCHAIR AND MOBILITY AID STOWAGE ON AIRCRAFT.

ON SEPTEMBER 14 OF THIS PAST YEAR, THE BOARD ISSUED IN THE FEDERAL REGISTER AN INVITATION TO COMMENT ON THE DEVELOPMENT OF ADVISORY STANDARDS FOR CHAIRS USED TO ENPLANE AND DEPLANE DISABLED AIR TRAVELERS. THIS ISSUE AROSE IN RESPONSE TO THE NUMEROUS REPORTS RECEIVED BY THE BOARD OF ACCIDENTS AND NEAR ACCIDENTS INVOLVING THE USE OF THESE CHAIRS. THE RESPONSES TO THIS INVITATION TO COMMENT ARE IN THE PROCESS OF BEING ANALYZED AND CODED. THE FINDINGS WILL ASSIST THE BOARD IN DETERMINING THE NATURE AND THE EXTENT OF THE PROBLEM AND IN DEVELOPING POSSIBLE SOLUTIONS.

UFAS

DURING THE PAST YEAR, THE BOARD WORKED CLOSELY WITH THE FOUR AGENCIES AUTHORIZED TO SET BARRIERS ACT STANDARDS AS THEY DEVELOPED AND PUBLISHED THE UNIFORM FEDERAL ACCESSIBILITY STANDARD (UFAS). THIS STANDARD, WHICH WAS BASED ON THE BOARD'S MINIMUM GUIDELINES AND REQUIREMENTS, PROVIDES A UNIFORM SET OF SCOPING AND TECHNICAL STANDARDS FOR BUILDINGS SUBJECT TO THE BARRIERS ACT. THIS UNIFORMITY SIMPLIFIES THE PROCESS FOR BUILDERS AND ARCHITECTS WHEN BUILDING OR DESIGNING FACILITIES FOR DIFFERENT FEDERAL AGENCIES OR FOR A FACILITY WHICH IS FUNDED BY MORE THAN ONE FEDERAL AGENCY. THIS DOCUMENT WILL BE AVAILABLE TO THE PUBLIC AND TO FEDERAL AGENCIES.

TECHNICAL ASSISTANCE

DURING THE PAST YEAR, THE BOARD HAS CONTINUED ITS EFFORTS TO FULFILL ANOTHER OF ITS IMPORTANT RESPONSIBILITIES--THE PROVISION OF TIMELY AND ACCURATE TECHNICAL ASSISTANCE. IN FY 1984, THE BOARD RESPONDED TO APPROXIMATELY EIGHT TO TEN THOUSAND TECHNICAL INQUIRIES AS WELL AS REQUESTS FOR GENERAL INFORMATION RECEIVED FROM INDIVIDUALS AND GROUPS IN THE PRIVATE SECTOR. BOARD STAFF PROVIDES GUIDANCE AND EXPERTISE IN COST-EFFECTIVE SOLUTIONS TO ACCESSIBLE DESIGN OR CONSTRUCTION PROBLEMS. THE BOARD RECEIVES REQUESTS FOR INFORMATION FROM SUCH DIVERSE GROUPS AS CONGRESS, FEDERAL AGENCIES, DISABLED CONSUMERS, MEDICAL AND REHABILITATION PROFESSIONALS, DESIGN PROFESSIONALS, BUILDERS, DEVELOPERS, BUSINESSES, STATE AND LOCAL OFFICIALS, TRADE ASSOCIATIONS, AND MANUFACTURERS.

AS PART OF THIS TECHNICAL ASSISTANCE EFFORT, THE BOARD HAS CONTINUED ITS ASSISTANCE TO FEDERAL AGENCIES REQUESTING ASSISTANCE IN THE DESIGN AND IMPLEMENTATION OF INTERNAL COMPLIANCE SYSTEMS TO ENHANCE ACCESSIBILITY IN THEIR BUILDINGS AND FACILITIES. THIS PROGRAM HAS RECEIVED A GREATER THRUST SINCE THE DISTRIBUTION BY THE DEPARTMENT OF JUSTICE OF A "PROTOTYPE" REGULATION FOR SECTION 504 FEDERALLY CONDUCTED PROGRAMS. THE PROTOTYPE IS A MODEL FEDERAL AGENCIES USE TO THE EXTENT APPROPRIATE IN PREPARING THEIR OWN REGULATIONS. IT PROVIDES THAT THE ARCHITECTURAL BARRIERS ACT STANDARD IS TO BE USED FOR SECTION 504 COMPLIANCE IN NEW CONSTRUCTION AND ALTERATION. AS A RESULT, IT IS EXPECTED THAT MANY OF THE APPROXIMATELY NINETY FEDERAL AGENCIES WILL BE USING THE UNIFORM FEDERAL ACCESSIBILITY STANDARD. THE INTERAGENCY COORDINATING COUNCIL (ICC), WHICH SEEKS TO ELIMINATE CONFLICTS IN IMPLEMENTATION OF THE VARIOUS SECTIONS OF TITLE V, SENT LETTERS TO ALL OF THESE AGENCIES INDICATING THAT THE BOARD WOULD BE ABLE TO PROVIDE TECHNICAL ASSISTANCE TO THEM WITH RESPECT TO ARCHITECTURAL BARRIERS.

TO DATE, THE BOARD HAS CONTACTED 17 OF THE MORE THAN 77 AGENCIES WHICH HAVE RESPONDED TO THE ICC OFFER. I WOULD LIKE TO BRIEFLY PROVIDE A FEW EXAMPLES OF THE ASSISTANCE BEING PROVIDED BY THE BOARD IN THIS AREA.

THE OFFICE OF REVENUE SHARING (ORS), WHOSE SECTION 504 REGULATIONS AFFECT

GOVERNMENTS RECEIVING REVENUE SHARING FUNDS, HAS INDICATED A NEED TO HAVE THE BOARD'S TECHNICAL ASSISTANCE AVAILABLE FOR THEIR 40,000 LOCAL GOVERNMENT RECIPIENTS. THE BOARD HAS ALSO CONDUCTED A TRAINING SESSION ON PHYSICAL BARRIERS FOR ORS STAFF.

SECONDLY, THE BOARD HAS ALSO BEEN ACTIVELY INVOLVED WITH THE DEPARTMENT OF DEFENSE (DOD). AT THE REQUEST OF DOD, THE BOARD IS IN THE PROCESS OF COMPLETING A REPORT ON DOD POLICIES AND PROCEDURES FOR ENSURING ACCESSIBILITY IN THEIR FACILITIES.

A THIRD AGENCY SEEKING ASSISTANCE IS THE DEPARTMENT OF LABOR (DOL), WHICH IS CURRENTLY IN THE PROCESS OF DEVELOPING ITS INTERNAL AGENCY ACCESSIBILITY SYSTEM. THE BOARD HAS PROVIDED TECHNICAL ASSISTANCE TO DOL ON A PERIODIC BASIS IN THE DEVELOPMENT OF ITS COMPREHENSIVE PLAN FOR IMPLEMENTING THIS SYSTEM.

SOME OF THE OTHER AGENCIES TO WHOM THE BOARD HAS PROVIDED TECHNICAL ASSISTANCE IN FY 1984 INCLUDE THE SMALL BUSINESS ADMINISTRATION, THE DEPARTMENT OF THE INTERIOR AND ITS NATIONAL PARK SERVICE, THE TENNESSEE VALLEY AUTHORITY AND THE SMITHSONIAN INSTITUTION.

AS PART OF ITS TECHNICAL ASSISTANCE FUNCTION, THE BOARD CONTINUES TO ENHANCE ITS TECHNICAL RESOURCES LIBRARY. THIS LIBRARY CONTAINS ONE OF THE MOST COMPREHENSIVE COLLECTIONS OF LITERATURE ON ARCHITECTURAL, TRANSPORTATION, COMMUNICATION AND ATTITUDINAL BARRIERS ISSUES. RECENTLY, THE BOARD'S DOCUMENT ABSTRACTS AND INFORMATION ON STATE AND MODEL ACCESSIBILITY CODES HAVE BEEN AUTOMATED TO PROVIDE MORE EFFICIENT ACCESS AND USE BY THE BOARD. THIS AUTOMATED SYSTEM WILL UNDERGO TESTING BY BOARD STAFF PRIOR TO FINAL IMPLEMENTATION OF THIS AUTOMATED LIBRARY CAPABILITY.

DURING FY 1984, THE BOARD CONTINUED TO PROVIDE EDUCATIONAL EXHIBITS AND TO PARTICIPATE IN WORKSHOPS AND SEMINARS SPONSORED BY BOTH THE PUBLIC AND THE PRIVATE SECTOR TO HELP EDUCATE CONSUMERS, INDUSTRY, AND PROFESSIONALS ON ACCESSIBLE DESIGN. SOME EXAMPLES OF THE NATIONAL AND REGIONAL MEETINGS IN

WHICH THE BOARD WAS INVITED TO PARTICIPATE INCLUDE WORKSHOPS SPONSORED BY THE PARALYZED VETERANS OF AMERICA; THE DEPARTMENT OF TRANSPORTATION; AND THE AMERICAN INSTITUTE OF ARCHITECTS.

TECHNICAL PAPERS

DURING FY 1982, THE BOARD, THROUGH CONTRACTOR ASSISTANCE FROM THE NATIONAL CENTER FOR A BARRIER FREE ENVIRONMENT, CONDUCTED A PRELIMINARY INVESTIGATION INTO FIVE AREAS WHICH HAD BEEN IDENTIFIED BY THE BOARD DURING THE RULEMAKING PROCESS ON THE MINIMUM GUIDELINES AS NEEDING FURTHER DEVELOPMENT BASED ON ADDITIONAL INFORMATION. THESE INCLUDED: MULTIPLE DISABILITIES; ORIENTATION AND WAYFINDING; GROUND AND FLOOR SURFACE TREATMENTS; HAND ANTHROPOMETRICS; AND WINDOWS. DURING THE PAST YEAR, TECHNICAL PAPERS IN THESE AREAS WERE CIRCULATED FOR REVIEW AND COMMENT TO VARIOUS GROUPS, INCLUDING DISABLED CONSUMERS, INDUSTRY AND PRODUCT REPRESENTATIVES, DESIGNERS AND CONTRACTORS. THESE PAPERS, WHICH PRODUCED FINDINGS WHICH HAVE FORMED THE BASIS FOR MANY OF THE BOARD'S CURRENT AND PROJECTED RESEARCH PROJECTS, HAVE SUBSEQUENTLY BEEN PRINTED AND HAVE BEEN MADE AVAILABLE TO ANY INTERESTED PARTY. THE MOST RECENT PAPER--THAT ON ALARMS, WHICH EMANATED FROM A FY 1983 RESEARCH PROJECT--IS CURRENTLY BEING CIRCULATED FOR COMMENT.

FY 1985 ACTIVITIES

I WOULD NOW LIKE TO DESCRIBE THE ACTIVITIES IN WHICH THE BOARD IS CURRENTLY INVOLVED.

COMMUNICATIONS ACCESS

BASED UPON THE FINDINGS AND RECOMMENDATIONS OF THE RESEARCH CONDUCTED IN THE AREA OF TDDS, THE BOARD IS CONTINUING ITS EFFORTS IN THE AREA OF COMMUNICATIONS ACCESS.

THESE EFFORTS ADDRESS THE FOLLOWING THREE AREAS:

- DISSEMINATION OF INFORMATION TO ENABLE THE FEDERAL AND THE PRIVATE SECTOR TO UNDERSTAND BETTER THE FUNCTIONS OF A TDD--WHAT IT IS, HOW IT IS USED. TO ADDRESS THIS ISSUE, THE BOARD WITH THE GENERAL SERVICES

ADMINISTRATION, DEVELOPED A BROCHURE. THE BROCHURE WILL PROVIDE SIMPLE, STRAIGHTFORWARD EXPLANATIONS OF HOW TO USE A TDD, WHERE ONE SHOULD BE INSTALLED, AND WHAT OPTIONS ARE AVAILABLE TO A FEDERAL AGENCY.

- ANOTHER AREA OF INTEREST IS THAT OF FEDERAL AGENCIES DEVELOPING TDD RELAY SYSTEMS. SUCH SYSTEMS COULD PERMIT A DEAF OR HEARING IMPAIRED INDIVIDUAL TELEPHONE ACCESS TO FEDERAL AGENCIES AND PROGRAMS. UNDER THIS SYSTEM, AN INDIVIDUAL USING A TDD COULD CALL THE FEDERAL RELAY SERVICE, WHICH WOULD BE EQUIPPED WITH TWO PHONES--ONE CONNECTED TO A TDD, THE OTHER TO COMMUNICATE BY VOICE TO THE AFFECTED FEDERAL AGENCY. THE TDD USER COULD CONTACT A CENTRAL OPERATOR THROUGH A TDD. THE OPERATOR WOULD KEEP THE TDD LINE OPEN AND "RELAY" THE CALLER'S MESSAGE BY VOICE TO THE AFFECTED AGENCY, THEREBY EFFECTUATING A THREE WAY CONVERSATION. THE BOARD IS CURRENTLY STUDYING, IN CONJUNCTION WITH OTHER FEDERAL AGENCIES, THE FEASIBILITY OF A CENTRALIZED FEDERAL SYSTEM OR OF INDIVIDUAL AGENCIES IMPLEMENTING THEIR OWN SYSTEMS.

- THE THIRD AREA THE BOARD IS CURRENTLY ADDRESSING IS THE DEVELOPMENT OF A FEDERAL-WIDE TDD DIRECTORY. ONE OF THE MAJOR FINDINGS OF THE TDD RESEARCH CONTRACT WAS THAT DEAF AND HEARING IMPAIRED PERSONS WERE LARGELY UNAWARE OF TDD-EQUIPPED TELEPHONES IN THE FEDERAL GOVERNMENT, SO THAT THE TDDS WERE UNDERUTILIZED. TO ADDRESS THIS ISSUE, THE BOARD IS HOLDING DISCUSSIONS WITH OTHER FEDERAL AGENCIES TO DETERMINE THE FEASIBILITY OF CREATING AND MAINTAINING A DIRECTORY OF FEDERAL GOVERNMENT TDD NUMBERS.

ENVIRONMENTAL INFORMATION SYSTEMS/DETECTABLE TACTILE SURFACE TREATMENTS
IN FY 1985, THE ATBCB WILL ADDRESS THE NEXT PHASE OF THE ENVIRONMENTAL INFORMATION SYSTEMS RESEARCH PLAN IN THE SPECIFIC AREAS OF AUDITORY SIGNALS AND VISUAL SIGNAGE FOR LOW VISION PERSONS.

THE RESEARCH PROJECT ON DETECTABLE TACTILE SURFACE TREATMENTS WHICH WAS FUNDED AT THE END OF FY 1983 CONTINUES. LIKE THE SIGNAGE PROJECT, THIS PROJECT ALSO ADDRESSES INFORMATION NEEDS AND CONTRIBUTES TO BETTER UNDERSTANDING HOW SURFACE TREATMENTS CAN ASSIST A PERSON IN FINDING HIS OR

HER WAY INTO, THROUGH, AND OUT OF A FACILITY. THE LAB TESTING WHICH TOOK PLACE AT THE END OF FY 1984 HAS NOW PROGRESSED TO TESTING IN THE FIELD. THESE TESTS ARE CURRENTLY BEING CONDUCTED AT THE STATE UNIVERSITY OF NEW YORK AT BUFFALO AND AT GEORGIA TECH. THIS PROJECT WILL BE COMPLETED BY MID-SUMMER 1985. FINDINGS FROM THIS STUDY WILL ENABLE THE BOARD TO MOVE FORWARD WITH ESTABLISHING TECHNICAL AND USAGE REQUIREMENTS FOR SURFACE TREATMENTS AT SUCH LOCATIONS AS STAIRS, CURB RAMPS, AND EDGES OF POOLS; CHANGES IN DIRECTION; MEANS OF EGRESS; AND OTHER APPROPRIATE AREAS. IN ADDITION, THE FINDINGS SHOULD PROVIDE THE BOARD WITH SUFFICIENT INFORMATION TO ENABLE IT TO PROVIDE TECHNICAL ASSISTANCE TO PUBLIC AND PRIVATE ENTITIES ON THE APPLICATION OF TACTILE SURFACE TREATMENTS.

RECREATION

THE BOARD WILL ALSO BE FOCUSING THIS YEAR ON THE AREA OF RECREATION. THE NATIONAL PARK SERVICE, THE BOARD AND OTHERS HOPE TO DEVELOP A SINGLE DOCUMENT THAT EVALUATES WHAT HAS BEEN DONE THUS FAR TO MAKE RECREATION FACILITIES AND PARKS ACCESSIBLE TO AND USABLE BY HANDICAPPED PERSONS. WHILE THERE HAVE BEEN POLICIES FOR SOME TIME AT THE FEDERAL, STATE AND LOCAL LEVELS FOR MAKING THESE FACILITIES ACCESSIBLE, THERE ARE NO OFFICIAL TECHNICAL OR SCOPING SPECIFICATIONS FOR PROVIDING SUCH ACCESS. AS A RESULT, MOST OF WHAT HAS BEEN ACCOMPLISHED HAS BEEN DONE ON A TRIAL AND ERROR, CASE-BY-CASE BASIS, RESULTING IN SOLUTIONS THAT HAVE NOT ALWAYS BEEN ACCEPTABLE OR COST-EFFECTIVE.

A MULTI-STEP APPROACH IS PLANNED BY THE BOARD TO ADDRESS THIS ISSUE IN BOTH FY 1985 AND FY 1986. THE FIRST STEP, WHICH WILL BE UNDERWAY IN FY 1985, IS THAT A WORKING GROUP MADE UP OF REPRESENTATIVES FROM THE DEPARTMENT OF THE INTERIOR, CORPS OF ENGINEERS, DEPARTMENTS OF AGRICULTURE AND TRANSPORTATION, AND THE BOARD WILL DETERMINE WHAT THE FEDERAL GOVERNMENT IS DOING TO MAKE RECREATION AND PARK FACILITIES ACCESSIBLE AND USABLE AND WILL IDENTIFY PERSONS AND RESOURCES BOTH INSIDE AND OUTSIDE THE FEDERAL GOVERNMENT HAVING KNOWLEDGE OF ACCESSIBLE RECREATION NEEDS AND FACILITIES. I WILL DISCUSS THE ADDITIONAL STEPS THE BOARD IS PLANNING TO TAKE WHEN I ADDRESS THE BOARD'S PLANS FOR FY 1986.

ALARMS

THE BOARD WILL ALSO CONTINUE ITS RESEARCH EFFORTS IN THE AREA OF ALARMS. THE SAFETY OF HANDICAPPED INDIVIDUALS IN BUILDINGS DEPENDS, IN LARGE PART, UPON THE AVAILABILITY AND APPROPRIATE USE OF SUITABLE ALARMS AND ALARM SYSTEMS. WHILE BASIC REQUIREMENTS FOR ALARMS ARE PROVIDED IN MANY FEDERAL AND STATE CODES, SERIOUS QUESTIONS REMAIN ABOUT THE EFFECTIVENESS OF THESE SYSTEMS FOR DISABLED PERSONS.

THE BOARD IS FOLLOWING A FOUR STEP PROCEDURE TO ADDRESS THESE CONCERNS. FIRST, AS I HAVE MENTIONED, A TECHNICAL PAPER WAS COMPLETED DESCRIBING THE STATE OF THE ART IN ALARMS AND ALARM SYSTEMS. BASED ON RECOMMENDATIONS MADE IN THIS REPORT, A PROJECT WILL BE UNDERTAKEN DURING 1985 TO DOCUMENT AND EVALUATE EXISTING ALARM SYSTEMS AND EMERGENCY PROCEDURES USED IN ALERTING AND EVACUATING HANDICAPPED PERSONS. ALARMS HAVE BEEN TARGETED BY THE BOARD AS A MAJOR RESEARCH PRIORITY FOR FY 1985 AND 1986. WHILE NOT ALL ACTIVITIES ARE LIKELY TO BE ACCOMPLISHED DURING THIS TIME PERIOD BECAUSE OF FUNDING CONSTRAINTS, SUBSTANTIAL PROGRESS CAN BE MADE. I WILL DISCUSS THE ADDITIONAL STEPS THE BOARD IS PLANNING TO TAKE WHEN I ADDRESS THE BOARD'S PLANS FOR FY 1986.

TRANSPORTATION

IN COOPERATION WITH THE DEPARTMENT OF TRANSPORTATION, APPROPRIATE ACTIVITIES WILL CONTINUE TO BE PURSUED FOR ENSURING THAT PUBLIC CONVEYANCES, INCLUDING ROLLING STOCK, ARE ACCESSIBLE TO AND USABLE BY PERSONS WITH DISABILITIES. SUCH ACTIVITIES MAY INCLUDE (1) DEVELOPING ADVISORY STANDARDS AND ADVISORY GUIDANCE, AS APPROPRIATE; (2) ASSISTING THE DEPARTMENT OF TRANSPORTATION IN THE PROVISION OF TECHNICAL ASSISTANCE TO TRANSPORTATION INDUSTRY REPRESENTATIVES IN THE ELIMINATION OF PHYSICAL BARRIERS IN PUBLIC CONVEYANCES; AND (3) CONSIDERING THE DEVELOPMENT OF SPECIAL USE SECTIONS FOR TRANSPORTATION FACILITIES FOR SUBPART E OF THE MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN.

TECHNICAL ASSISTANCE

THE BOARD CONTINUES TO ADDRESS SUCCESSFULLY ITS TECHNICAL ASSISTANCE RESPONSIBILITIES. THE BOARD IS RECOGNIZED NATIONALLY FOR ITS EXPERTISE IN THE FIELDS OF ARCHITECTURAL, TRANSPORTATION AND COMMUNICATION DESIGN AND SERVES AS A MAJOR RESOURCE FOR BOTH THE PUBLIC AND THE PRIVATE SECTORS. IT WILL CONTINUE TO PROVIDE TECHNICAL ASSISTANCE THROUGH RESPONSES TO INDIVIDUAL REQUESTS FOR INFORMATION, AND REQUESTS FOR ON-SITE VISITS; THE DEVELOPMENT AND DISSEMINATION OF TECHNICAL PAPERS AND INFORMATIONAL PUBLICATIONS; THE RULEMAKING PROCESS; AND THE PRESENTATION OF EDUCATIONAL EXHIBITS AND SEMINARS ON ACCESSIBILITY.

IT IS ANTICIPATED THAT TECHNICAL ASSISTANCE NEEDS MAY INCREASE SOMEWHAT NOW THAT THE UNIFORM FEDERAL ACCESSIBILITY STANDARD IS PUBLISHED AND AS AGENCIES MORE FULLY IMPLEMENT SECTION 504 IN THEIR OWN PROGRAMS. FACILITY ENGINEERS, ARCHITECTS, CONTRACT OFFICERS, PROGRAM PERSONNEL, AND MAINTENANCE CREWS NEED TO BE AWARE OF ACCESSIBILITY NEEDS OF PHYSICALLY HANDICAPPED PERSONS, METHODS TO SOLVE ANY PROBLEMS SHOULD THEY ARISE, AND WAYS TO PREVENT BARRIERS BEFORE THEY OCCUR.

GENERAL PUBLICATIONS TO ASSIST PROFESSIONALS, USERS, AND OTHERS IN UNDERSTANDING THE LAWS, TECHNICAL REQUIREMENTS AND RESOURCES AVAILABLE ON ACCESSIBILITY WILL CONTINUE TO BE DEVELOPED. PRINCIPAL AMONG THE PUBLICATIONS ALREADY COMPLETED ARE THE "MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN," "LAWS CONCERNING THE ATBCB," "ABOUT BARRIERS," AND "ACCESS AMERICA: THE ARCHITECTURAL BARRIERS ACT AND YOU." FREQUENTLY REQUESTED PUBLICATIONS DEVELOPED BY THE BOARD WILL CONTINUE TO BE REPRINTED AS NEEDED.

ONE SUCH DOCUMENT THE BOARD INTENDS TO PUBLISH IN EASILY READABLE, USABLE FORM, IS THE UNIFORM FEDERAL ACCESSIBILITY STANDARD ISSUED BY THE GENERAL SERVICES ADMINISTRATION, THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, THE DEPARTMENT OF DEFENSE, AND THE U.S. POSTAL SERVICE. THOSE AGENCIES WILL BE TRANSFERRING FUNDS TO THE BOARD FOR THIS PURPOSE.

THE AVAILABILITY OF TIMELY, ACCURATE INFORMATION AND TECHNICAL ASSISTANCE

SERVICES WILL BE INCREASED THROUGH IMPROVEMENTS IN THE BOARD'S TECHNICAL LIBRARY AND ITS CODES AND STANDARDS FILES. ABSTRACTS OF RESOURCE MATERIALS AND DATA SHEETS ON EACH STATE'S CODES ARE BEING ADDED TO THE ATBCB'S COMPUTER SYSTEM.

INFORMATION USED BY THE BOARD IN DEVELOPING AND ISSUING THE MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN WILL BE SHARED WITH THE AMERICAN NATIONAL STANDARDS INSTITUTE (ANSI) AND OTHER CODE REPRESENTATIVES. THE BOARD HAS SERVED AND CONTINUES TO SERVE ON THE ANSI A117.1 COMMITTEE. THIS COMMITTEE IS CHARGED WITH THE REVIEW OF THE 1980 EDITION OF ANSI'S SPECIFICATIONS FOR MAKING BUILDINGS AND FACILITIES ACCESSIBLE TO AND USABLE BY PHYSICALLY HANDICAPPED PEOPLE.

PARTICIPATION IN WORKSHOPS AND SEMINARS SPONSORED BY BOTH THE PUBLIC AND PRIVATE SECTOR TO HELP EDUCATE CONSUMERS, INDUSTRY, AND PROFESSIONALS ON ACCESSIBLE DESIGN WILL ALSO CONTINUE.

THE BOARD IS ALSO CURRENTLY DEVELOPING A CHECK LIST WHICH IS TO BE USED WITH THE UNIFORM FEDERAL ACCESSIBILITY STANDARD. THIS CHECK LIST WILL ENABLE INDIVIDUALS TO ASSESS MORE EFFECTIVELY THE DEGREE OF ACCESSIBILITY OF THEIR BUILDINGS AND FACILITIES. THE BOARD MAY ALSO DEVELOP CHECK LISTS TO BE USED FOR VARIOUS EXISTING STANDARDS SUCH AS ANSI.

COMPLIANCE AND ENFORCEMENT

IN THE AREA OF COMPLIANCE AND ENFORCEMENT FOR FY 1985, THE BOARD WILL CONTINUE TO PROCESS COMPLAINTS AND TO EMPHASIZE AMICABLE RESOLUTIONS.

IT IS ANTICIPATED THAT THE BOARD WILL AGAIN EXPERIENCE AN INCREASE IN THE NUMBER OF COMPLAINTS RECEIVED. TO DATE, THE BOARD HAS RECEIVED THIRTY-FOUR PERCENT MORE COMPLAINTS THAN IT HAD RECEIVED AT THIS SAME TIME LAST YEAR. I ALSO BELIEVE THAT THERE WILL BE AN INCREASE IN COMPLAINTS BECAUSE OF THE ISSUANCE OF THE DEPARTMENT OF JUSTICE SECTION 504 PROTOTYPE REGULATION MENTIONED EARLIER. UNDER THE "COMPLIANCE PROCEDURE" SECTION OF THE PROTOTYPE, ALL AGENCIES ARE TO NOTIFY THE ATBCB UPON RECEIPT OF ANY

COMPLAINT ALLEGING THAT BUILDINGS OR FACILITIES THAT ARE SUBJECT TO THE ARCHITECTURAL BARRIERS ACT OR SECTION 502 ARE NOT READILY ACCESSIBLE AND USABLE TO HANDICAPPED PERSONS. AS THE 90 AGENCIES FINALIZE THEIR SECTION 504 REGULATIONS, THE ATBCB EXPECTS TO RECEIVE MORE AND MORE SUCH NOTIFICATIONS.

FY 1986 ACTIVITIES

THE BOARD WILL CONTINUE ITS EFFORTS IN THE AREAS OF RESEARCH AND TECHNICAL ASSISTANCE TO ADDRESS PHYSICAL ACCESSIBILITY ISSUES. THE BOARD'S FY 1986 RESEARCH PROGRAM TARGETS FOUR CRITICAL AREAS FOR ACTION: RECREATION, TRANSPORTATION, ALARMS AND SURFACE TREATMENTS. MANY OF THE PROJECTS PROPOSED FOR FUNDING IN FY 1986 AND WHICH WERE TARGETED AS BOARD PRIORITIES AT ITS SEPTEMBER MEETING, ARE DEPENDENT UPON THE FINDINGS OF THE BOARD'S CURRENT RESEARCH PROJECTS. THE FINDINGS FROM THESE PROJECTS WILL HELP THE BOARD DETERMINE THE DIRECTION TO FOLLOW IN ITS DESIRE TO ADDRESS IN THE MOST COST-EFFECTIVE MANNER THE ISSUES WHICH ARE THE MOST CRITICAL.

MUCH OF THE BOARD'S RESEARCH EFFORTS WILL CONTINUE TO FOCUS ON THE DEVELOPMENT OF THE RESERVED SECTIONS OF THE MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN AND ON THOSE PROVISIONS NEEDING FURTHER DEVELOPMENT. AS RESEARCH IS COMPLETED, THE BOARD WILL MOVE FORWARD WITH IMPLEMENTING THE FINDINGS.

IN THE TRANSPORTATION AREA, THE BOARD PLANS TO DEVELOP THREE TECHNICAL PAPERS OR HANDBOOKS: THE FIRST, ON WHEELCHAIR STOWAGE, WILL PROVIDE A DESCRIPTION OF PROPER HANDLING AND STOWAGE OF WHEELCHAIRS; THE SECOND WILL DESCRIBE THE STATE OF THE ART IN BUS LIFT DESIGN; AND THE THIRD WILL PRESENT A SUMMARY OF THE TECHNOLOGY AND DESIGNS FOR WHEELCHAIR TIEDOWNS IN BUSES.

IN THE AREA OF RECREATION, THE BOARD WILL DEVELOP A TECHNICAL PAPER SIMILAR TO OTHERS SPONSORED BY THE BOARD WHICH SUMMARIZES THE WORKING GROUP'S FINDINGS, ABSTRACTS PERTINENT INFORMATION AND PUBLICATIONS, AND RECOMMENDS ACTIONS NEEDED TO BE TAKEN. IN ADDITION, THE BOARD WILL IMPLEMENT THE

FINDINGS OF THIS PAPER USING THE MOST APPROPRIATE MECHANISMS--SUCH AS MINIMUM GUIDELINES AND REQUIREMENTS, HANDBOOKS, ADVISORY STANDARDS AND TECHNICAL ASSISTANCE PROGRAMS.

IN FY 1986, THE BOARD PROPOSES TO CONTINUE ITS WORK IN THE ALARMS AREA. PROJECTED AREAS TO BE ADDRESSED INCLUDE VISUAL ALARM SYSTEMS TO DETERMINE THE APPROPRIATE LOCATION, FREQUENCY, COLOR, INTENSITY, CONTINUITY AND COST; AND THE APPROPRIATE FREQUENCY, INTENSITY AND CONTINUITY OF AUDIBLE ALARM SYSTEMS.

THE BOARD ALSO ANTICIPATES MOVING FORWARD IN THE AREA OF SURFACE TREATMENTS. HOWEVER, THE SPECIFIC SECTIONS TO BE RESEARCHED ARE PENDING THE OUTCOME OF THE BOARD'S CURRENT PROJECT IN THIS AREA. THE GEORGIA TECH RESEARCH TEAM HAS RECOMMENDED TO THE BOARD THAT THE RESULTS FROM THE CURRENT TACTILE SURFACE TREATMENT PROJECT AND THE INFORMATION OBTAINED THROUGH ITS OTHER PROJECTS ON VISUAL SIGNAGE, TACTILE SIGNAGE, AND AUDITORY SIGNALS BE ANALYZED AND FIELD TESTED TO DETERMINE HOW INFORMATION SYSTEMS COMPLEMENT OR CONFLICT WITH EACH OTHER AND TO DETERMINE WHICH TYPES OF INFORMATION SHOULD BE PROVIDED IN SPECIFIC CIRCUMSTANCES.

THE BOARD PLANS TO CONTINUE TO PROVIDE TIMELY AND ACCURATE TECHNICAL ASSISTANCE TO BOTH PUBLIC AND PRIVATE ENTITIES AND TO PROCESS COMPLAINTS QUICKLY, WITH A STRONG EMPHASIS ON AMICABLE RESOLUTIONS.

THE FUNDING REQUESTED BY THE BOARD WILL ENABLE IT TO CONTINUE ITS SUCCESSFUL EFFORTS IN THE AREAS OF TECHNICAL ASSISTANCE, RESEARCH AND COMPLIANCE. AT THIS LEVEL, THE BOARD WILL BE ABLE TO CONTINUE TO PROVIDE TECHNICAL ASSISTANCE AND TO CARRY OUT THE RESEARCH WHICH IS IMPORTANT TO THE ACHIEVEMENT OF ONE OF THE BOARD'S PRIMARY GOAL--THE COMPLETION OF THE MINIMUM GUIDELINES AND REQUIREMENTS.

THE BOARD IS MOST CONSCIOUS OF THE SERIOUS BUDGETARY PROBLEMS FACING THE NATION AND OF THE EFFORTS OF THE ADMINISTRATION TO REDUCE EXPENDITURES, WHERE POSSIBLE. ACCORDINGLY, WE HAVE MADE A CONCERTED EFFORT TO REDUCE

COSTS WHERE POSSIBLE. THIS REDUCTION IS REFLECTED IN THE AGENCY'S OVERHEAD EXPENDITURES. IN ADDITION, EACH BOARD DECISION WITH RESPECT TO THE FUNDING OF ITS RESEARCH AND TECHNICAL ASSISTANCE PROGRAMS IS MADE WITH BUDGET IMPLICATIONS AS A PRIMARY CONSIDERATION.

I FEEL THAT IN THIS DECADE OF DISABLED PERSONS, THE BOARD HAS BEEN A MOVING FORCE IN MEETING THE ADMINISTRATION'S GOAL TO CREATE AN ACCESSIBLE ENVIRONMENT. HOWEVER, ALTHOUGH WE HAVE MADE GREAT STRIDES FORWARD, THERE REMAINS MORE TO BE DONE.

THIS CONCLUDES MY PREPARED STATEMENT. I WOULD NOW BE PLEASED TO RESPOND TO COMMITTEE QUESTIONS.

STATEMENT OF DAVID W. MYERS

I AM DAVID W. MYERS OF BATON ROUGE, LOUISIANA, WHERE I SERVE AS EXECUTIVE DIRECTOR OF THE LOUISIANA COMMISSION OF THE DEAF. I AM NOW IN MY SECOND THREE YEAR TERM AS A MEMBER OF THE ATBCB AND CHAIR OF THE COMMUNICATIONS AND ATTITUDINAL BARRIERS COMMITTEE.

FOR THE PAST SEVERAL YEARS, THE ACCESS AND SAFETY NEEDS OF DEAF PEOPLE, AND BLIND PEOPLE, HAVE HAD HIGH PRIORITY CONSIDERATION IN THE BOARD'S RESEARCH AND TECHNICAL ASSISTANCE PROGRAM. PRIORITY ATTENTION TO THE NEEDS OF DEAF PEOPLE AND BLIND PEOPLE IS EXPECTED TO CONTINUE BECAUSE OF THE GREAT NEED FOR INFORMATION TO SOLVE ACCESS AND SAFETY PROBLEMS FOR THESE TWO DISABILITY GROUPS. OUR RESEARCH IN THESE AREAS PROVIDES INFORMATION NEEDED TO ENHANCE THE ABILITY OF THESE TWO DISABILITY GROUPS TO LIVE AS INDEPENDENT AND PARTICIPATING CITIZENS.

LAST YEAR WE RECEIVED THE RESULTS OF A BOARD RESEARCH PROJECT IN THE AREA OF TELECOMMUNICATION DEVICES FOR THE DEAF (TDD). THE INFORMATION PROVIDED BY THIS RESEARCH HAS ENABLED US TO BEGIN TO MOVE TOWARD SOLVING COMMUNICATION ACCESS PROBLEMS. FOR EXAMPLE, WE ARE WORKING TO FACILITATE THE DEVELOPMENT OF A GOVERNMENT WIDE TDD RELAY SYSTEM. THIS WILL ENABLE DEAF PEOPLE USING A TDD TO CALL FEDERAL SERVICE PROVIDERS, OR TO CALL A SENATOR OR CONGRESSMAN, WITHOUT

THE RECEIVER OF THE CALL HAVING A TDD. IN ADDITION, WE ARE DEVELOPING A LISTING OF OFFICES AND INDIVIDUALS IN THE FEDERAL GOVERNMENT WHERE TDDS ARE LOCATED. THIS HAS NEVER BEEN DONE BEFORE. WE ARE ALSO EXPLORING THE POSSIBILITY OF BRINGING TOGETHER DEAF CONSUMERS, TDD MANUFACTURERS, TELEPHONE COMPANY OFFICIALS, AIRPORT MANAGEMENT REPRESENTATIVES, AND OTHER KEY PERSONS TO START JOINTLY DEVELOPING SOLUTIONS TO THE OTHER IDENTIFIED PROBLEMS.

THIS IS NECESSARY BECAUSE WE ARE STILL A LONG WAY, FOR EXAMPLE, FROM PROVIDING ACCESS FOR DEAF PEOPLE AT PUBLIC PAY PHONES IN PUBLIC BUILDINGS. NOR DO WE YET HAVE A VANDAL PROOF TDD, NOR EVEN ONE THAT IS DESIGNED FOR USE WITH PAY PHONES.

WE ARE DEVELOPING OUR TDD TECHNICAL ASSISTANCE CAPACITY SO THAT WE CAN ASSIST AGENCIES, ORGANIZATIONS, AND INDIVIDUALS ON TDD ISSUES. FOR EXAMPLE, GSA HAS WORKED WITH US TO DEVELOP A BROCHURE THAT DESCRIBES WHAT TDDS ARE ALL ABOUT, AND THIS WILL BE DISTRIBUTED TO FEDERAL AGENCIES.

WE ARE IN THE PROCESS OF CONTRACTING FOR RESEARCH ON ALARMS THAT WILL FOCUS ON THE SAFETY OF DEAF PEOPLE IN FEDERAL BUILDINGS. ANOTHER FY 1985 RESEARCH PROJECT WILL BE FOCUSED ON AUDITORY SIGNALS AND SIGNAGE. THESE WILL BE THE NEXT PHASES OF OUR INFORMATION SYSTEMS RESEARCH EFFORT DIRECTED TO THE NEEDS OF BLIND AND VISUALLY IMPAIRED PERSONS. THE FIRST PHASE OF SIGNAGE RESEARCH HAS BEEN COMPLETED AND THE DETECTABLE TACTILE SURFACE TREATMENTS PROJECT THAT TESTS THE EFFECTIVENESS OF SURFACE TREATMENTS TO ALERT BLIND PERSONS TO HAZARDS AND TO PROVIDE THEM GUIDANCE FOR SAFE MOBILITY WILL BE COMPLETED THIS SUMMER.

I URGE THAT YOU INCREASE THE BOARD'S FUNDING TO THE \$2.3 MILLION FOR FY 1986 WHICH THE BOARD REQUESTED OF OMB. AT THAT LEVEL WE CAN CONTINUE TO FUND RESEARCH AND TECHNICAL ASSISTANCE ACTIVITIES THAT ARE SO IMPORTANT FOR THE ACCESS AND SAFETY NEEDS OF DISABLED AMERICANS.

STATEMENT OF JACK O. McSPADDEN

FIRST, CONGRATULATIONS ON YOUR RECORD OF SUPPORT FOR THE ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD (BOARD), WHICH INDICATES TO ME YOUR COMMITMENT TO ENHANCE THE INDEPENDENCE OF ALL DISABLED AMERICANS. HOWEVER, I MUST AGREE WITH PRESIDENT REAGAN WHEN HE STATED "BUT WE CAN'T REST ON PAST SUCCESS. THE TASK BEFORE US IS TO MAINTAIN OUR MOMENTUM AND TO DO MORE."

THE BUDGET PROPOSED TO OMB BY THE BOARD OF \$2.3 MILLION PROVIDES FOR CONTINUING EFFORTS ON COMPLIANCE, TECHNICAL ASSISTANCE, AND RESEARCH TO COMPLETE THE MINIMUM GUIDELINES AND REQUIREMENTS. AS A RESULT OF THE BOARD'S EFFORTS IN THE AREA OF COMPLIANCE, NUMEROUS COMPLAINTS WERE RESOLVED THROUGH VOLUNTARY CORRECTIVE ACTION. THIS SPEAKS WELL OF THE ABILITIES AND COMPETENCE OF THE BOARD STAFF FOR WHICH I CANNOT FIND ENOUGH WORDS OF PRAISE. THAT PORTION OF THE BUDGET SPENT FOR SALARIES FOR SUCH STAFF IS MONEY WELL SPENT.

IN THE AREA OF TECHNICAL ASSISTANCE, UNDER THE GUIDANCE OF THE NEWLY APPOINTED DIRECTOR OF THE BOARD'S OFFICE OF TECHNICAL ASSISTANCE, WE ARE MAKING GREAT STRIDES IN PROVIDING BADLY NEEDED TECHNICAL ASSISTANCE TO AGENCIES, PUBLIC AND PRIVATE, IN PROVIDING ACCESSIBILITY. WE WILL SEE EVEN MORE ACCOMPLISHED IN THE AREA OF TECHNICAL SERVICES IN THE NEAR FUTURE.

IN FY 1983, THE BOARD EMBARKED ON A RESEARCH EFFORT WHICH WILL LEAD TO COMPLETION OF THE RESERVED AREAS OF THE MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN. THIS IS ESSENTIAL TO THE UNIFORM FEDERAL ACCESSIBILITY STANDARDS (UFAS) WHICH WERE PUBLISHED IN THE FEDERAL REGISTER IN AUGUST 1984 BY THE FOUR FEDERAL STANDARD SETTING AGENCIES (DEPARTMENT OF DEFENSE, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT, GENERAL SERVICES ADMINISTRATION, AND THE UNITED STATES POSTAL SERVICE). KEY SECTIONS OF THESE STANDARDS WERE LEFT RESERVED UNTIL COMPLETION OF THE BOARD'S MINIMUM GUIDELINES. ONE OF THE AREAS WHICH WOULD LEAD TO THE COMPLETION OF THE RESERVED SECTIONS IS IN THE AREA OF INFORMATIONAL SYSTEMS TO AID ORIENTATION AND WAYFINDING FOR PERSONS WITH SENSORY DISABILITIES (BLIND AND

HEARING IMPAIRED). RESULTS FROM THE SIGNAGE RESEARCH PROJECT INDICATE THAT WE ARE ONLY "SCRATCHING THE SURFACE" OF AN ISSUE WHICH HAS NEVER BEFORE BEEN DEALT WITH FOR PERSONS WITH DISABILITIES. IF ANYTHING, THE RESEARCH RESULTS HAVE REVEALED THE NEED FOR MORE RESEARCH.

IN MARCH 1985, THE BOARD REEVALUATED ITS RESEARCH PRIORITIES FOR FY 1986. EVEN BASED ON OUR PROPOSED REQUESTED FUNDING LEVEL OF \$2.3 MILLION, WE WOULD ONLY BE ABLE TO COMPLETE ABOUT HALF OF THESE PROJECTS. AT THE OMB LEVEL OF \$1.930 MILLION, WE WOULD BE UNABLE TO COMPLETE ANY MAJOR RESEARCH LEADING TO THE COMPLETION OF THE RESERVED SECTIONS OF THE BOARD'S MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN. I, THEREFORE, URGE YOU TO GRANT THE REQUESTED \$2.3 MILLION.

THANK YOU.

ACCESS FOR HANDICAPPED AIR TRAVELERS

Senator ANDREWS. The Board issued in the Federal Register on September 14, 1984, an invitation to comment on the development of advisory standards for chairs used to assist elderly and disabled air travelers on and off commercial airliners. When will an advisory standard be issued?

Ms. WILL. We hope sometime in the upcoming fiscal year. The Board did, as you mentioned, publish an invitation to comment. In fact, 188 comments were received and have been analyzed and compiled. Issues that were raised by commenters included the inadequacy of chair design and chair support. In addition, a problem that was mentioned consistently was the absence of trained personnel to assist disabled individuals in planing and deplaning.

Senator ANDREWS. Will the standard be binding on the air carriers when issued?

Ms. WILL. No; we will be developing an advisory standard.

Senator ANDREWS. The Transportation Department is asking, we understand, for recommendations to help them draft rules governing handicapped persons' access to airline flights. Has the Board provided recommendations to DOT?

Ms. WILL. Staff comments are provided. There were informal comments at staff level, but we have not forwarded the formal recommendations to the Department.

Senator ANDREWS. But the DOT has had sufficient input from you so that nothing that your group considers important is going to be overlooked in this important area?

Ms. WILL. They are aware of our concerns, yes.

Senator ANDREWS. Now, a recent Federal appeals court decision requires major airlines to comply with section 504 of the Rehabilitation Act prohibiting discrimination against handicapped people by anyone receiving Federal financial assistance.

Is the administration appealing this decision?

Ms. WILL. Yes; the administration is appealing that decision.

Senator ANDREWS. Now, on that decision recommending that Justice appeal, did your Board make a counterrecommendation?

Ms. WILL. No; the Board has not made a counterrecommendation.

Senator ANDREWS. Why not? In other words, the court went with you; the administration is appealing it. Who is going to do a counterrecommendation if you don't?

Ms. WILL. The Board has not taken an official position. It made no decision at its most recent board meeting. It is awaiting the resolution of litigation.

Senator ANDREWS. Well, that is fine, but that is litigation with one hand tied behind the back for the handicapped people of this country if you do not join them on their side and represent them, isn't it?

Ms. WILL. Would you allow our general counsel to address this issue?

Senator ANDREWS. I will be glad to allow anyone. I just want to find out where we are at.

Ms. RAFFA. The reason that the Board made the decision not to take a position was based on the fact that there was a split in circuits right now on the issue. I am not familiar with it myself, but that was the official reason.

Senator ANDREWS. It was based on what?

Ms. RAFFA. That there was another circuit court that ruled the other way. I'm not familiar right now with the decision. That was the official reason.

RULEMAKING STATUS

Senator ANDREWS. Last year the Board indicated that it had not completed any of the reserved sections of the minimum guidelines and requirements that were issued in August 1982. However, it was expected that research in several areas—signage, detectable tactile surface treatments, and telecommunication devices for deaf persons—would allow the proposal of rulemaking early in 1985.

What is the status of these rulemakings?

Ms. WILL. We have not proceeded to develop rules in the areas you have suggested. The Board has chosen to continue to do research. It feels that more research findings and field experience information is required. However, it may be likely that rules will be developed in subsequent years.

Senator ANDREWS. That is one of these issues that I have been kicking around since August 1982, and you still have not decided whether you are going to issue any guidelines.

Ms. WILL. Senator, our decisions with respect to guidelines are completely dependent upon research findings and results, and I think it is

the consensus of the Board that we are moving toward the development of guidelines but are not ready to do that in this coming fiscal year.

FUNDING FOR RESEARCH

Senator ANDREWS. Well, the budget request for fiscal year 1986 is 3½ percent lower than the fiscal year 1985 budget. Research, however, is cut, as we see it, 8 percent. Given the number of unresolved issues requiring research, some having gone on for as much as 3 years, why has research been cut over twice as much as the Board in general?

Ms. WILL. The Board's—one of the Board's chief tasks is to complete the reserved sections of the minimum guidelines, and it is the Board's feeling that \$1.6 million is what is required to complete those reserved sections. The budget figure for research recommended by the administration would be \$230,000, which would allow for significant research to continue in areas such as recreation, alarms, auditory signals, and signage.

[CLERK'S NOTE.—The following information was submitted subsequent to the hearing:]

The Board's overall budget was based on the freeze policy and the 10-percent cut in administrative expenses applied to all domestic agencies. The Board was able to reduce administrative expenses by \$78,000 (13 percent) from 1985 to 1986. However, in order to finance rising total pay costs and stay within the freeze level, a small (\$21,000) reduction was necessary in research.

Ms. WILL. Perhaps Mr. Myers should speak to this. The Board's appropriations request differs from the administration's.

Mr. Myers, would you care to speak to the reason of—

REQUEST FOR INCREASED FUNDING

Mr. MYERS. If we were requesting \$2.3 million from OMB and if we could get that amount, we would have around \$600,000 for research and technical assistance activities. That would be a great help in making progress toward the completion of the reserved sections.

Senator ANDREWS. Well, we understand that, and the committee provided funds to the Board for fiscal year 1985 with the expectation that \$350,000 would be used for the research program. Since this research is necessary to complete the minimum guidelines and requirements—one of the Board's primary goals, as you state in your opening statement—why are you estimating spending only \$274,000 in the last fiscal year on this research and requesting only \$253,000 in fiscal year 1986 if you indeed and in fact feel it's one of the Board's primary goals?

Ms. WILL. The \$230,000 figure would allow us to complete 12 percent of the reserved sections as opposed to 30 percent if we were to have the budget figure Mr. Myers mentioned of \$600,000. Our figure reflects concern for budgetary factors, but also a concern for our being able to fund a significant amount of research that would lead us to the completion of more sections of the guidelines.

[CLERK'S NOTE.—The following information was submitted subsequent to the hearing:]

The Board makes every effort to devote resources to research, but must also attend to other institutional and programmatic needs. In 1985, the Board felt it was essential to upgrade its word processing and office automation capabilities to improve staff efficiency and productivity. It has also had to pay the costs of the 3.5-percent pay raise effective January 1985.

REDUCTION IN RESEARCH FUNDING

Senator ANDREWS. The research does not seem to be leading up to any rulemakings or anything, and the committee has to wonder what happened to the other \$75,000 we appropriated for research.

Let me run by you our report language last year. We said:

The committee expects at this budget level the Board will be able to fund 27 full-time equivalent positions and have a research program level of \$350,000. This funding level is necessary to continue compliance and enforcement activities and to increase research in the reserved sections of the Board's minimum guidelines and requirements.

You come up here, and in your opening statement say this is one of the Board's primary goals; yet, back in the detailed figures you say you are only going to spend a part of the \$350,000. That kind of makes us wonder why.

Ms. WILL. I think it is important to understand the process that unfolds with respect to the development of guidelines. In a number of instances the Board calls for the creation of the working group, and the working group helps identify problems, leads to recommendations such as the publishing of an invitation for comment, the letting of contracts for research. All of this is done very incrementally, and it requires that we evaluate each phase of the process before a decision is finally reached with respect to developing or completing a section of the guidelines.

[CLERK'S NOTE.—The following information was submitted subsequent to the hearing:]

The additional \$75,000 was used to cover increased costs associated with the 3.5-percent pay increase and increases associated with improving and expanding office automation capabilities.

The office purchased word processors under a lease/purchase agreement for use by professional staff. The use of word processors enable staff to input drafts directly into the word processing system, saving much clerical time. The word processing equipment also has computer features which enable staff to prepare spread sheets, charts, and graphs which some of the Board members have requested in order to help them better understand the Board's budget and research activities.

The addition of these word processors greatly enhance the efficiency and effectiveness of the Board's operations.

BOARD MEETINGS

Senator ANDREWS. How often are Board meetings held?

Ms. WILL. Six times a year.

Senator ANDREWS. Six times a year? What issues have been decided in the fiscal year 1985 Board meetings?

Ms. WILL. Well, we have looked at research priorities for 1985. We have investigated and developed a list of priorities for research and technical assistance in 1986 which is contingent upon our findings in 1985.

We have worked with the four standard-setting agencies and will disseminate with them the uniform Federal accessibility standards. We have discussed and made decisions with respect to the development of technical papers.

I would like to submit a more complete answer.

Senator ANDREWS. If you would, that would be helpful.

[The information follows:]

FISCAL YEAR 1985 BOARD MEETINGS

At the November 15, 1984, meeting, the Board took decisive action on the issues listed below:

Approved a joint ATBCB and GSA project to develop a brochure designed to inform Federal agencies on telecommunications device for the deaf [TDD] installation and usage.

Approved the investigation of the requirements for the development of a TDD relay system for the Federal Government.

Approved the investigation of the development and maintenance of a system for listing Federal Government TDD numbers.

Approved its fiscal year 1984 annual report to the President and the Congress.

The regular ATBCB meeting for January 1985 was canceled.

At its March 13, 1985, meeting, the Board took decisive action on the following:

Reassessed its research and technical assistance priorities for funding in fiscal years 1985 and 1986 and in so doing made the following decisions:

(a) A research project on information systems for blind and low-vision persons was approved.

(b) Deferred consideration of a research project on doors until fiscal year 1986 pending completion of a doors project being conducted by the Veterans Administration and the Paralyzed Veterans of America.

(c) Approved in-house development of a brochure describing the technical assistance services available at the ATBCB.

(d) Approved processing of the statement of work on a research/technical assistance project on boarding chairs used for enplaning and deplaning disabled passengers, with the caveat that further Board action is required before award of this project can be completed.

Approved correspondence containing an endorsement of the recommendation of the Department of Justice that recipients of Federal financial assistance amend their section 504 regulations to encourage use of the Uniform Federal Accessibility Standard in new construction and alterations.

Approved a set of interim comments to be forwarded to the chairperson of the American National Standards Institute A117.1 Committee on proposed revisions to the 1980 specifications of the ANSI accessibility standard. Final comments will be addressed at the Board's May meeting.

To date, the following issues are scheduled to be addressed by the Board at its May 15, 1985, meeting:

Annual election for its chairperson, vice chairperson, and executive committee members.

The creation of a Federal advisory committee and/or the use of other methods to advise the Board with respect to TDD's, aircraft boarding chairs, and stowage of wheelchairs and other mobility aids.

Approval of Board comments on proposed revisions to ANSI 1980.

Approval to award the research/technical assistance project on boarding chairs used for enplaning and deplaning disabled passengers.

Possible ATBCB retreat to discuss long-term planning goals.

At its July meeting, it is anticipated that the Board will address and approve the Board's budget request to OMB for fiscal year 1987. Also, a presentation on the findings of the Board's detectable tactile surface treatments research project is planned.

At its July and September meetings, it is anticipated that the Board will address the reassessment of the identified priority research and technical assistance projects to be funded by the Board for fiscal years 1986 and 1987. Also, a report will be given on ATBCB research activities, including a review of the status of current projects.

In addition to Board decisions and activity, the six standing committees of the Board conduct extensive reviews of issues and develop recommendations for Board action.

AGENDA FOR FISCAL YEAR 1985

Senator ANDREWS. What is on the agenda for the Board meetings for the rest of fiscal year 1985? Could you put that also in your statement?

Ms. WILL. I will be happy to.

Senator ANDREWS. When did the Board consider and approve the fiscal year 1986 request?

Ms. WILL. That was in September of this year, of 1984.

Senator ANDREWS. Thank you.

Senator Chiles raised the point with Metro that their new cars are 2 inches higher than the old cars. Carmen Turner said no problem. What are your views?

Ms. WILL. We have been aware that there has been a lack of coordination with respect to platform and cars in a number of transit systems and have received complaints, and in a number of instances have investigated and are working to provide technical assistance to these transit systems.

Senator ANDREWS. Just provide technical assistance?

Ms. WILL. In one instance I understand that cars were replaced. We are seeking more information from the systems.

SUBMITTED QUESTIONS

Senator ANDREWS. Thank you very much.

I have a number of questions for the record. Other Senators might have questions as well for the record. I know Senator Chiles has some.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR ANDREWS

ACCESS FOR HANDICAPPED AIR TRAVELERS

SENATOR ANDREWS. Is the Board examining other aspects of air travel that present barriers to the handicapped?

ANSWER: In 1984, the Board created a working group on air travel barriers composed of representatives from the Department of Transportation, including the Federal Aviation Administration, Civil Aeronautics Board, Department of Justice, and Veterans Administration. This working group assisted in the development of the invitation for public comment on advisory standards for aircraft boarding chairs. The working group, in conjunction with the Board's Transportation Committee, has helped identify other barriers to air travel especially stowage and timely retrieval of wheelchairs, damage to wheelchairs and mobility aids, carriage of power wheelchairs, lack of specifications for airport boarding lifts, and personnel training. These discussions have led directly to the FY 1986 research/technical assistance agenda project on wheelchair and mobility aid stowage which will address several of the issues identified. In addition, the working group suggested that the Board consider the formation of a Federal Advisory Committee to obtain input from the private sector. The Board will consider such a committee at its May meeting. Moreover, the Board has begun working with the National Transportation Facilitation Committee as a means to obtain input from the private sector.

The Board has also been a participant in the Access to the Skies program of Rehabilitation International USA which brings together air carriers, airport operators, travel agents, and disabled consumers to address problems. World Airways has asked Board staff to participate in a meeting with passenger service managers and to address flight attendant trainees. Staff has also been invited as observers in a proposed emergency evacuation test which World Airways plans to conduct with disabled persons, similar to a recent test with blind persons. Information on these and other matters will be brought to the attention of the Board's Transportation Committee.

SENATOR ANDREWS: To what extent is the Board cooperating with DOT in drafting a final rule?

ANSWER: The Department of Transportation has not requested the Board's assistance in drafting a final rule. The Board would be willing to provide whatever assistance it can to DOT when DOT requests it.

SENATOR ANDREWS: If the DOT issues such rules, must they conform to any standards the Board may issue? What is the Board's role in this area in terms of compliance and enforcement?

ANSWER: It does not appear that the Board has the legal authority to issue standards for vehicles such as airplanes. The question of whether there is such authority was contained in the request for advice submitted to the Office of Legal Counsel (OLC), Department of Justice, by the Board on October 9, 1985. The Board is still awaiting the OLC's opinion, and the Board's role in this area in terms of compliance and enforcement cannot be determined.

until the legal issues are resolved. The Board does, however, continue to enforce Architectural Barriers Act accessibility standards in those airport terminals that receive Federal funds for design, construction or alteration.

SENATOR ANDREWS: The Civil Aeronautics Board (CAB) adopted rules for the treatment of handicapped people on airlines. (These rules apply only to small airlines that receive Federal subsidies until the above court decision.) Does the Board feel the CAB rules are adequate for the entire passenger airline system? If the appeals court decision stands, who will be required to develop implementing requirements? What other forms of transportation will be affected? (Maritime, Bus, etc.)?

ANSWER: While the Executive Director did file comments on the proposed Civil Aeronautics Board (CAB) rule in 1979, the Board did not take an official position on the final rule promulgated by the CAB. However, one of the first tasks of the Board's working group on air travel barriers was to review the CAB complaint file to determine whether there were problems with the existing rule. Staff did identify some potential problems with regard to boarding chairs and the related boarding procedures and wheelchair and mobility aid stowage. As a result, staff developed research/technical assistance proposals for Board consideration that address gaps in knowledge in this area and that could lead to the development of advisory standards which could be adopted by the private sector or other Federal agencies.

As far as coverage of all airlines is concerned, the majority of air carriers already provide some kind of service for disabled persons. Many of these services are in general conformance with the specific requirements for subsidized carriers and only procedural or policy changes are needed.

The Civil Aeronautics Board Sunset Act of 1984 transferred jurisdiction of the CAB rule to the Department of Transportation. The appeals court remanded the rule back to the Department to develop implementing regulations. Section 14 of the Act requires DOT to consult with the Board on such rules, which it has done.

The rules affected by the appeals court decision involve only air carriers and will not affect other forms of transportation.

SENATOR ANDREWS: The Functions of the Board are divided into three broad areas: (1) Technical Service (2) Compliance and Enforcement and (3) Administrative. Last year five professionals were listed as working in the compliance and enforcement area. Their major activities are handling complaints and reviewing waivers. How many of each were received last year and what is their status? (Please update the table on page 330 of last year's hearing by providing the number of professional and administrative positions in each of the functional areas for fiscal year (FY) 1986 and associated personnel compensation and benefits.)

ANSWER: Two hundred thirty-three complaints were received in FY 1984. As of March 11, 1985, 115 of these had been closed and 8 had been put on hold pending the outcome of the litigation the case of *Rose v. United States Postal Service*.

Of the 115 complaints closed, 97 were closed because the Board lacked jurisdiction and 18 were closed because corrective action was taken. The Board achieved corrective action in 100 percent of the cases over which it had jurisdiction and in which a violation was found.

During FY 1984, none of the four standard-setting agencies notified the Board of requests for waivers or modifications, except those forwarded by the Federal Highway Administration under the terms of a settlement agreement concerning pedestrian over/underpasses. However, at the direction of the ATBCB Compliance and Enforcement Committee, the General Counsel met with representatives of the four standard-setting agencies and reached agreement about the manner in which the Board will be notified of waiver/modification requests in the future.

The following is the update of the table on page 330 of last year's hearing of the number of professional and administrative positions in each of the functional areas for fiscal year 1986 and associated personnel compensation and benefits:

Technical services:	9.0 professional	\$ 377,823
	1.5 administrative	19,582
Compliance:	5.0 professional	216,741
	1.2 administrative	24,163
Administrative:	5.0 professional	247,105
	4.3 administrative	102,221
11 Board Members:		68,700
	Subtotal	\$1,056,335
5% pay reduction for 3/4 of year		- 39,612
	Total	\$1,016,723
Benefits:		+ 112,000
	Subtotal	\$1,128,723

FUNCTIONAL AREAS

SENATOR ANDREWS: The Administrative function with seven professionals provides support for the Board and makes recommendations to the President and Congress for legislation and administration. How many recommendations were made last year? Please provide them for the record.

ANSWER: Under its statutory responsibilities, the ATBCB approved one consolidated report to the President and Congress within the past year entitled, "Report of the ATBCB for Fiscal Year 1984" (copy attached). This report was prepared within the agency's administrative function. While this report does not contain recommendations for legislation or administration, it is a comprehensive report on the activities of the Board in FY 1984.

SENATOR ANDREWS: What, exactly, constitutes support for the Board other than coordinating meetings and routine correspondence? Do these people provide any substantive input into the proceedings of the Board?

ANSWER: As an independent Federal agency, support for the ATBCB consists of a wide variety of program management, planning, fiscal and budget analysis, as well as basic information and administrative functions. The critical functions of coordinating meetings and responding to routine correspondence are only two of the support services functions performed by the ATBCB staff. The other major agency support services performed by these staff members are as follows:

- Ensures that statutory requirements and Board policy are carried out through the development and implementation of programs and activities. Management and direction is provided in support of Board requests.

- Represents the Board at national conventions and other functions to exchange information and explain the Board's statutory responsibilities and program activities. This includes speaking engagements and serving on panels or other forums.
- Responsible for the planning, development, production and distribution of the Board's bimonthly newsletter and other printed public information/educational documents. Participates in the planning and development of Board technical and programmatic materials designed for special audiences.
- Identifies and analyzes legislative and policy issues for Board and staff action and coordinates preparation of testimony and other documents for Congressional oversight hearings.
- Serves as the focal point for Board planning activities. Included in this activity are the coordination and development of long-range Board plans in accordance with its legislative goals, mandate, and Board policy.
- Responsible for the Board's budget and fiscal management functions, including development and submission of the Board's annual budget request to OMB and preparation of testimony and other documentation for Congressional appropriation hearings. Develops the Board's fiscal operating plan, analyzes Board expenditures, provides funds control and oversees funds availability.
- Coordinates all procedural aspects of Board procurement activities including agency adherence to Federal regulatory requirements. This includes ensuring the preparation, submission, and processing of requests for proposals and the review and evaluation of proposals received.
- Responsible for the Executive Secretariat functions of the Board, including the logging in and tracking of controlled correspondence, clearance of all outgoing correspondence and other documents, and the coordination and clearance of all Board notices prepared for submission to the Federal Register.
- Responsible for provision of administrative services to Board members and staff. These include personnel actions, such as initial steps in processing Board member and staff appointments, classification actions and liaison with the personnel office; payroll liaison services; and property and space management. Also responsible for reviewing and processing travel documents for Board members and staff and for providing logistical support for Board and staff participating in public information/educational activities, such as speaking engagements and Board exhibits at conventions.

Staff members within the Office of the Executive Director and Office of Administration and Management provide substantive input and recommendations to the Board through preparation of background documents and option papers on program and policy issues confronting the Board. Staff provides advice and guidance to the Board and its committees on Federal procurement policies, fiscal management and all budget related issues.

MINIMUM GUIDELINES AND REQUIREMENTS

SENATOR ANDREWS. What additional rulemakings are expected in FY 1986?

ANSWER: At the March 1985 meeting, the Board's Standards, Research and Technical Assistance Committee requested staff to develop guidelines and requirements for those provisions where the Board's signage project indicated that sufficient information exists to develop specifications. These draft provisions are expected to be reviewed by the Committee at its May 1985 meeting. If approved, the new provisions would be forwarded to the Board for consideration. It is possible, therefore, that a notice of proposed rulemaking could be issued by the Board on signage during FY 1986.

The Board's FY 1984 invitation to comment on TDDs in transportation facilities and its FY 1985 invitation to comment on boarding chairs used with aircraft produced results which are being used to enhance access for deaf, hearing-impaired, speech-impaired, and mobility-limited individuals. The invitations to comment did not, however, produce sufficient information to justify immediate rulemaking or similar actions. The Board expects that its work with other Federal agencies and with the private sector will generate additional knowledge. When sufficient information exists, the Board will consider a number of options available to address these issues including guide books, advisory standards, and/or regulations. At this time, we cannot predict if this will be during FY 1986 or FY 1987.

The results from the detectable tactile surface treatments project are expected during the summer of 1985. Based on the findings of this project, as well as other information, the Board will determine how best to proceed. It is possible that the Board will issue a notice of proposed rulemaking in this area during FY 1986.

SENATOR ANDREW. Aren't the number of completed rulemakings a good measure of the effectiveness of the Board's research program? If not, what would be a good measure?

ANSWER: The Board's research serves several purposes. In addition to providing information required to complete reserved sections of the MGRAD, research projects support the Board's growing technical assistance function; provide information for Federal agencies, the private sector, and other entities affected by Title V of the Rehabilitation Act of 1973, as amended, on how best to comply with existing standards; and promote greater awareness of barriers and how they can be removed. Completion of reserved sections of the MGRAD is only one of the latter uses for research. The Board, for example, has used research findings on TDDs to implement activities designed to enhance the accuracy and comprehensiveness of TDD listings for Federal telephone numbers, to provide greater guidance to Federal agencies about purchasing and using TDDs, and to explore the feasibility of a "relay service" that would permit TDD users to reach non-TDD-equipped Federal telephones. Each of these three sets of activities falls outside the area of completion of reserved MGRAD sections.

Similarly, the research projects on signage, detectable tactile surface treatments, and other areas, as well as the Board's technical papers (of which six have been published to date) further the

Board's mission of promoting accessibility. While rulemaking is an important way in which research results are applied, other uses must also be recognized.

SENATOR ANDREWS. Your opening statement indicates that "much of the Board's research efforts will continue to focus on the development of the reserved sections of the Minimum Guidelines and Requirements for Accessible Design (MGRAD)." What reserved sections will be addressed by this research?

ANSWER: Current projects on hand anthropometrics, tactile surface treatments, and signage are focused on areas identified in the MGRAD process as needing additional information. Two additional projects, alarms and information systems, scheduled for award later this fiscal year, will also address MGRAD sections. Data collected from these projects will be used by the Board to develop specifications for the Minimum Guidelines and Requirements. In the case of the signage project (in which a final report is expected later this month), the Board already has asked staff to develop language for possible inclusion in the MGRAD. A list of the sections affected by each of these projects follows.

Minimum Guidelines and Requirements for Accessible Design Sections Affected by Current Research

I. TELECOMMUNICATION DEVICES FOR DEAF PERSONS

- 1190.31(q) New construction: telephones
- 1190.32 Additions
- 1190.33 Alterations
- 1190.33(c)(6)(iv) Alterations - telephones
- 1190.210(e) Telephones: equipment for hearing-impaired people

II. SIGNAGE

- 1190.31(p) New construction: signage
- 1190.31(q) New construction - telephones: signage
- 1190.32(f) Additions: signage
- 1190.33(a)(4) Alterations: signage
- 1190.60(f) Parking and Passenger Loading Zones: signage
- 1190.100(d)(3) Elevators: Car control buttons - characters
- 1190.100(e) Elevators: Door jamb markings
- 1190.100(f) Elevators: lobby call buttons
- 1190.100(i) Elevators: Illumination levels
- 1190.150(d) Toilets and Bathing Facilities: signage
- 1190.200 Signage

Note: Many of the above MGRAD sections and paragraphs will need additional research before they can be completed. The purpose of the current project was to identify sections where sufficient information exists to take immediate action and to define future research needs.

III. GROUND AND FLOOR SURFACE TREATMENTS: DETECTABLE TACTILE SURFACE TREATMENTS

- 1190.31(o) New construction: Tactile warnings
- 1190.32 Additions
- 1190.33 Alterations
- 1190.40(c)(6) Human Data: Surfaces of clear floor or ground spaces
- 1190.50(c) Walks, Floors and Accessible Routes: Protruding Objects
- 1190.50(h) Walks, Floors and Accessible Routes: Egress
- 1190.50(i) Walks, Floors and Accessible Routes: Ground and Floor Surfaces
- 1190.70(e)(9) Curb Ramps: Warning textures
- 1190.80(f) Stairs: Tactile Warnings
- 1190.130(g) Doors: Doors to hazardous areas
- 1190.160(b) Drinking Fountains and Water Coolers: Clearances
- 1190.190 Tactile Warnings
- 1190.210 Telephones: Protruding Objects
- 1190.230(b)(6) Assembly Areas, Conference and Meeting Rooms: Ground and floor surfaces

IV. HAND ANTHROPOMETRICS

- 1190.311(m) New construction: controls and operating mechanisms
- 1190.32 Additions
- 1190.33 Alterations
- 1190.40(d) Human data: Reach limitations for wheelchair users
- 1190.70(f)(2) Ramps: handrails
- 1190.80(d) Stairs: handrails
- 1190.90 Handrails
- 1190.100(d)(3) Elevators: car controls
- 1190.100(f) Elevators: lobby call buttons
- 1190.100(j) Elevators: intercommunication system
- 1190.110(b)(2) Platform lifts: accessible controls and operating mechanisms
- 1190.130(a)(1) Gates
- 1190.(f) Doors: hardware
- 1190.140 Windows
- 1190.150(b) Toilet and Bathing Facilities: doors
- 1190.150(e)(1)(iii) Toilet fixtures and accessories - water closets: Automatic or hand operated flush controls
- 1190.150(e)(1)(iv) Toilet fixtures and accessories - water paper dispensers
- 1190.150(e)(1)(v) Toilet fixtures and accessories - water closets: grab bars
- 1190.150(e)(2)(iv) Toilet fixtures and accessories - toilet stalls: doors
- 1190.150(e)(3)(iii) Toilet fixtures and accessories urinals: controls
- 1190.150(e)(4)(iv) Toilet fixtures and accessories - lavatories and sinks: controls
- 1190.150(e)(6) Toilet fixtures and accessories - controls, dispensers, receptacles and other equipment.
- 1190.150(f)(3) Bathing facilities: grab bars
- 1190.150(f)(4) Bathing facilities: faucets and controls
- 1190.150(f)(5) Bathing facilities: shower spray unit

- 1190.150(g) Grab bars for accessible toilet and bathing fixtures
- 1190.160(d) Drinking Fountains and Water Coolers: controls
- 1190.170 Controls and Operating Mechanisms
 - (a) General
 - (b) Location requirements
 - (c) Operations
 - (d) Specialized equipment
- 1190.180(d) Alarms: pull stations
- 1190.210(d) Telephones: equipment characteristics
- 1190.210 Storage
- Subpart E:
 - Postal Facilities: slots and bins

V. ALARMS AND ALARM SYSTEMS

- 1190.31(n) New Construction: alarms
- 1190.32 Additions: alarms
- 1190.33 Alterations: alarms
- 1190.33(c)(6)(iii) Alterations: alarms
- 1190.50(h) Walks, Floors and Accessible Routes: egress
- 1190.100(j) Elevators: intercommunication systems
- 1190.180 Alarms
 - (a) General
 - (b) Audible
 - (c) Visual and other sensory alarms
 - (d) Pull stations

Note: The FY 1985 alarms project will better define the effectiveness of systems currently in use. It will not involve any subject testing. Latter projects are to address the development of performance and/or prescriptive standards for alarms.

VI. INFORMATION SYSTEMS

- 1190.200 Signage
- 1190.210 Telephones

Note: This FY 1985 project is the second phase of the signage workshop project conducted in FY 1984/85. This project focuses on visual signage and audible signals that can be used as part of an information system.

SENATOR ANDREWS. At the end of FY 1986, what reserved sections will have been completed since the Minimum Guidelines were issued in 1982?

ANDREWS: The Board expects that research now in progress may permit the development of some of the technical and scoping provisions for the reserved sections on signage and tactile warnings. The Board anticipates that work on other provisions dealing with controls and operating mechanisms (hand anthropometrics) can also be initiated by late 1986. We should caution, however, that the scope of the research projects in each of these areas is limited and the results may not allow the reserved sections to be completed in their entirety.

RESEARCH PROJECTS

SENATOR ANDREWS. Last year, the Board provided the Committee with a list of research priorities. However, it was indicated that final decisions on projects could not be made at the time of the hearing. What projects were funded? Were they among those indicated as highest ranking?

ANSWER: The Board set its FY 1985 and FY 1986 research and technical assistance priorities at the September 1984 meeting. The highest-ranking research projects, those on alarms documentation and information systems, (i.e., audible signals and signage for low vision persons), were approved for funding. The alarms project request for proposals was published in Commerce Business Daily in March, with an award scheduled to be made this summer. A request for proposals on information systems is also being processed at this time. The award date for this proposed contract is scheduled for late September.

In addition to the above research proposals, a third project on boarding chairs is also scheduled to be funded. This technical assistance project was among those receiving high priority. Award of this contract is expected in late summer.

Three other projects on the FY 1985 priority list--a technical assistance brochure, a pamphlet describing TODs, and the establishment of a working group on recreation--are being done in-house.

The only project adopted by the Board as a FY 1985 priority that is not scheduled for action this year is the research project on doors. The Board deferred consideration of this project until FY 1986 because of two factors: (1) A doors project is being undertaken by VA/PVA which should yield some valuable information that can be used by the Board. VA has cautioned, however, that it anticipates, that further research will be necessary. (2) FY 1985 funding levels did not permit the Board to move forward on any additional research projects.

SENATOR ANDREWS. If the Board receives the funding requested for research this year, what additional projects will be undertaken? If this cannot be provided now, how was the budget request for research derived? Was it chosen arbitrarily?

ANSWER: At its September 1984 meeting, the Board established priorities for FY 1985 and for FY 1986 research and technical assistance projects. These priorities are given in the attachment which follows.

At the level of funding requested by the Administration, which includes \$253,000 identified for research and technical assistance projects, the Board will be able to complete four technical papers and one major research project from the attached list (i.e., the technical papers/ guidebooks on recreation, wheelchair stowage, bus lifts and wheelchair tiedowns and the research project on doors or visual alarms, if scope of project is reduced.) The Board will make a final decision on which projects to approve after the funding level is made known.

Research and technical assistance priorities are based on several factors including (1) a review by the Board of all sections of the Board's MGRAD that have been identified as needing additional information, (2) a review of all previous priorities established by the Board to determine whether these priorities are still valid, and (3) all research and field experience in the identified area.

The only project adopted by the Board as a FY 1985 priority that is not scheduled for action this year is the research project on doors. The Board deferred consideration of this project until FY 1986 because of two factors: (1) A doors project is being undertaken by VA/PVA which should yield some valuable information that can be used by the Board. VA has cautioned, however, that it anticipates, that further research will be necessary. (2) FY 1985 funding levels did not permit the Board to move forward on any additional research projects.

(The information follows)

RESEARCH AND TECHNICAL ASSISTANCE PROGRAMS ADOPTED BY THE ATCB 3/13/85

FISCAL YEAR 1985

PROJECT	PURPOSE	APPLICATION	ESTIMATED COST	CUMULATIVE TOTAL
ALARMS: Documentation Project	To document and evaluate existing alarm systems and emergency procedures used in alerting and evacuating handicapped persons.	Supplement MGRAD Technical Assistance	\$100,000	\$100,000
INFORMATION SYSTEMS	To develop recommendations for signage usable by most people with special consideration for those who are partially sighted.	MGRAD Technical Assistance	\$150,000	\$250,000
	To develop recommendations on the use of auditory information systems for use during emergencies and for place identification/building information.	MGRAD Technical Assistance		
TECHNICAL ASSISTANCE	To develop brochure to assist staff in providing information to the public and private sectors.	Technical Assistance	In house	\$250,000
BOARDING CHAIR	To assist in the preparation of the advisory standard on boarding chairs.	Technical Assistance	\$ 15,000	\$265,000
TDD TECHNICAL ASSISTANCE	To develop brochure to assist staff in providing technical assistance to federal agencies on TDDs.	Technical Assistance	In house	\$265,000

PROJECT	PURPOSE	APPLICATION	ESTIMATED COST	CUMULATIVE TOTAL
RECREATION-WORKING GROUP	To determine what is being done by the Federal Government and others in making recreation and park facilities accessible.	MCRAID Technical Assistance	In house	\$265,000
SUPPORT SERVICES FOR TRANSPORTATION ADVISORY COMMITTEE (Note: Board will take action on this item at the May 1985 meeting.)	To assist in planning, scheduling and transcribing committee meetings on boarding chairs, telecommunication devices, and mobility-aid stowage on aircraft.	Technical Assistance	\$ 40,000	\$305,000

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(CLERK'S NOTE: Research and technical assistance programs adopted for fiscal year 1986 appear with the answer to the following question.)

SENATOR ANDREWS. How much would it cost to perform the required research in just the areas the Board has given its highest ranking?

ANSWER: Completing just the projects identified as FY 1986 priorities by the Board at its September 1984 meeting would cost \$1,630,000. Please note, however, this list does not include all projects identified by the Board for further research.

The attached list indicates, in the right-most margin, cumulative costs for the ranked research projects.

(The information follows)

RESEARCH AND TECHNICAL ASSISTANCE PROGRAMS ADOPTED BY THE ATBCA 9/11/84
REVISED 3/12/85

FISCAL YEAR 1986

PROJECT	PURPOSE	APPLICATION	ESTIMATED COST	CUMULATIVE COST
DOORS*	To develop door pressure specifications for interior and exterior doors.	MCRAD Technical Assistance	Undetermined	
RECREATION - TECHNICAL PAPER	To develop technical paper that describes what has been done, identifies resources, abstracts pertinent publications, and makes recommendations on what needs to be done.	MCRAD Technical Assistance	\$ 15,000	\$ 15,000
WHEELCHAIR/MOBILITY AID STORAGE	To develop technical paper or handbook describing proper handling and stowage of wheelchairs.	Technical Assistance	\$ 15,000	\$ 30,000
BUS LIFTS	To develop technical paper or handbook describing the state-of-the-art in bus lift design.	Technical Assistance	\$ 15,000	\$ 45,000
WHEELCHAIR TIEDOWNS IN BUSES	To develop technical paper or handbook describing available devices, existing research, experience with these devices and safety concerns.	Technical Assistance	\$ 15,000	\$ 60,000

*A research project on doors was identified as a priority for funding by the Board in FY 1985. Because door research is now being conducted by the Veterans Administration and Paralyzed Veterans of America, the Board, at its March, 1985 meeting, deferred consideration of work in the area of doors until FY 1986 pending the results of the current research.

PROJECT	PURPOSE	APPLICATION	ESTIMATED COST	CUMULATIVE COST
ALARMS-VISUAL				
	To determine the appropriate location, frequency, color intensity, continuity, and costs of visual alarms.	Supplement MGRAD Technical Assistance	\$400,000	\$ 460,000
SURFACE TREATMENTS (Pending outcome of existing research projects—project could be phased)				
	To complete tactile surface treatment provisions of MGRAD	MGRAD Technical Assistance	\$130,000	\$ 590,000
VISUAL CUES				
	To establish, if necessary, technical and usage requirements for visual cues and warnings.	MGRAD Technical Assistance	\$160,000	\$ 750,000
			\$335,000	\$1,085,000
ROLL RESISTANCE				
	To determine which and to what extent ground and floor surface treatments impede the mobility of persons using wheeled mobility aids such as manual wheelchairs.	Supplement MGRAD Technical Assistance	\$260,000	\$1,345,000
WALKING RESISTANCE				
	To classify surfaces in terms of stability and resistance so that designers better understand which surfaces are the most appropriate in a given situation.	Supplement MGRAD Technical Assistance	\$285,000	\$1,630,000

SENATOR ANDREWS. Last year the Board indicated that it is difficult to predict when research can be completed for those parts of the Minimum Guidelines and Requirements that have been "reserved" or require additional information. If this is still the case, isn't there serious risk that much ongoing construction work, done in compliance with existing requirements, may result in buildings that have barriers for certain handicapped individuals?

ANSWER: It is possible, although that always will be the case. No set of requirements or guidelines can be expected to remain unchanged. Building materials, types of construction projects, and other variables change, producing a need to revise existing standards.

For example, the American National Standards Institute widely adopted voluntary standard on accessibility, A117.1-1980, is in the process of being revised this year.

SENATOR ANDREWS. Given the cost of modifying buildings and equipment to meet revised standards, wouldn't a more energetic research program be warranted?

ANSWER: New requirements established under the Architectural Barriers Act are set prospectively and only apply to design, construction and alteration initiated after the revised standards have been adopted. Retrofitting existing buildings to meet the new or revised requirements is not required under the Act. This approach minimizes financial consequences to Federal agencies and others constructing or altering covered facilities.

An effective research program must be well managed with results tied directly back to the reserved sections of the MGRAD and other technical assistance. The issues addressed are often very complex.

SENATOR ANDREWS. Please provide for the record a list of all reserved sections and a schedule for review, research, guideline development and rulemaking for each section where such plans exist. In cases where no schedule exists, explain why it was felt that action in this area could be delayed.

ANSWER: The attached chart summarizes the MGRAD sections identified as requiring additional information or which have been reserved in their entirety. Scheduled research projects and their projected completion dates are given for each of the eleven general subject areas covering these MGRAD sections. Using the results of the research projects, the Board determines what, if any, rulemaking is needed. Projected rulemaking dates have been estimated based upon the date the Board expects to have results from these projects.

(The information follows)

MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN:
RESEARCH AND RULEMAKING SCHEDULE

SUBJECT	MCRAJ SECTION	TITLE	SCHEDULED RESEARCH/COMPLETION DATES	SCHEDULE OF PROJECTED RULEMAKING
WINDOWS			Technical paper: Windows/ FY 1983 & 1984 Research - Phase 1: Hand Anthropometrics/FY 1986 Research - Phase 2: Clonure and opening forces/unscheduled	To be scheduled when research has been completed.
		New construction - windows		
	\$1190.31(j)	Windows		
	\$1190.140	Subpart E		
		Residential structures - windows		
SIGNAGE			Technical paper: Orientation and Wayfinding/FY 1983 & 1984 Workshops FY 1984 & 1985 Research - Lab testing tactile signs/ FY 1984 & 1985 Research - Lab testing visual signs/ FY 1986 & 1987 Research - Lab testing audio signals/ FY 1986 & 1987 Research - Lab testing maps/ unscheduled Research - Field testing tactile signs/ unscheduled Research - Field testing visual signs/ unscheduled Research - Field testing audio signals/ unscheduled Research - Field testing maps/ unscheduled Research - Field testing information systems/unscheduled	FY 1986 - begin rulemaking on signage.
		New construction - signage		
	\$1190.31(p)			
	\$1190.31(q)(3)	New construction - telephone signage		
	\$1190.32(r)	Additions - signage		
	\$1190.33(s)(4)	Alterations - signage		
	\$1190.60(r)	Parking & Passenger Loading Zones - signage		
	\$1190.100(h)(2)	Elevators - size of visual indicators		
	\$1190.100(j)(2)	Elevators - intercommunication system		
	\$1190.150(d)	Toilet & Bathing Facilities - signage		
	\$1190.100(d)(3)(v)	Elevators - control button characters		
	\$1190.100(e)	Elevators - door jamb markings		
SURFACE TREATMENTS			Technical paper: Orientation and Wayfinding/FY 1983 & 1984 Research: Detectable tactile surface treatments - lab & field testing/ FY 1984 & 1985 Research: Field testing information systems/FY 1986 & 1987 Research: visual cues/FY 1987 or 1988 Research: resistance/FY 1987 or 1988 Research: wear/tear resistance/FY 1987 or 1988	FY 1986 - begin rulemaking on tactile surface treatments.
	\$1190.31(o)	New construction - tactile warnings		
	\$1190.50(i)	Walks, Floors, Accessible Routes - ground and floor surface treatments		
	\$1190.50(i)(3)	Walks, Floors, Accessible Routes - carpeting		
	\$1190.70(e)	Ramps & Curb Ramps - warning textures		
	\$1190.80(r)	Stairs - tactile warnings		
	\$1190.190	Tactile warnings		

SCHEDULED RESEARCH/COMPLETION DATES SCHEDULE OF PROJECTED RULEMAKING

SUBJECT	MGRAD SECTION	TITLE	Technical Paper: Hand Anthropometrics/FY 1983 & 1984 Research: Hand Anthropometrics/ FY 1986	FY 1986 - begin rulemaking on controls and operating mechanisms.
CONTROLS AND OPERATING MECHANISMS	\$1190.130(f)	Doors: hardware		
	\$1190.140	Windows: hardware		
	\$1190.90	Handrails		
	\$1190.100(f)(iv)	Elevators - lobby call buttons		
	\$1190.110(b)(2)	Platform lifts - controls		
	\$1190.150(e)(1)(w)	Toilet & Bathing Facilities - toilet paper dispensers		
	\$1190.150(f)(4)	Toilet & Bathing Facilities - faucets		
	\$1190.150(g)	Toilet & Bathing Facilities - grab bars		
	\$1190.150(e)(2)(iv)	Toilet & Bathing Facilities - door hardware		
	\$1190.150(e)(3)(iii)	Toilet & Bathing Facilities - controls for urinals and water closets		
	\$1190.150(e)(4)(iv)	Toilet & Bathing Facilities - controls for lavatories and sinks		
	\$1190.150(e)(6)	Toilet & Bathing Facilities - controls, dispensers or other equipment		
	\$1190.160(d)	Drinking Fountains and Water Coolers - controls		
	\$1190.170	Controls and Operating Mechanisms		
ALARMS	\$1190.180	Alarms - pull stations	Technical paper: Alarms/FY 1984 Research: Alarms documentation project/FY 1986	To be scheduled when research has been completed.
	\$1190.50(h)	Walks, Floors, Accessible Routes - egress		
	\$1190.180(b)	Alarms - audible	Research: Alarms - visual/FY 1987 or 1988	
	\$1190.180(c)	Alarms - visual and other sensory alarms	Research: Alarms - Audible/unscheduled	

SUBJECT	MGRAID SECTION	TITLE	SCHEDULED RESEARCH/COMPLETION DATES	SCHEDULE OF PROJECTED RULEMAKING
DOORS	\$1190.130(f)	Doors - hardware	Research paper - M85/FY 1981	To be scheduled when research has been completed.
	\$1190.130(h)(11) & (111)	Doors - closure and opening forces	Technical paper - hand anthropometrics/FY 1983 & 1984 Research: Closing and opening forces/ FY 1987	
TELEPHONES	\$1190.31(q)	New construction - telephones	Research: TODs/FY 1984	FY 1986
	\$1190.210(d)	Telephones - equipment characteristics		
ELEVATORS	\$1190.100(c)(2)	Elevators - door timing	To be scheduled when research has been completed.	unscheduled
PLATFORM LIFTS	\$1190.100(b)(3)	Platform lifts - safety requirements	unscheduled	unscheduled
SPECIAL USE SECTIONS	Subpart E	Residential structures	Working Group - Recreation/FY 1986	unscheduled
		Recreation facilities	Technical paper - Recreation/FY 1986	
		Historic structures		
		Hospitals		
		Food Service Facilities		
		Library Stacks		
		Garages - vertical clearance		
		Transportation		

SUBJECT	MGRAD SECTION	TITLE	SCHEDULED RESEARCH/COMPLETION DATES	SCHEDULE OF PROJECTED RULEMAKING
HUMAN DATA	§1190.40	Blind and visually impaired persons	unscheduled	unscheduled
		Children		
		Deaf and hearing impaired persons		
		Developmentally, neurologically learning impaired persons		
		Dexterity impaired persons		
		Elderly persons		
		Lower torso mobility impaired persons		
		Upper mobility impaired persons		
		Short stature persons		
		Verbal communications impaired persons		

SENATOR ANDREWS. Including FY 1985, you have had about \$1 million appropriated for research to complete the Minimum Guidelines and Requirements. Why has this research failed to allow you to complete any sections of the Minimum Guidelines and Requirements?

ANSWER: The Board has funded six (6) major research projects (i.e., signage, detectable tactile surface treatments, TDDs, alarms and alarm systems, hand anthropometrics, and information systems), six (6) technical papers (i.e., windows, hand anthropometrics, alarms, orientation and wayfinding, multiple disabilities, and ground and floor surface treatments), and one (1) transportation technical assistance project (i.e., boarding chairs).

Thus far, one of the research projects (TDD) has been completed and a second (signage) is scheduled for completion this month.

As information becomes available from the research projects, the Board also uses the results to provide technical assistance. Through these technical assistance efforts, information can be quickly disseminated and implemented. At its March meeting, the Board's Standards, Research and Technical Assistance Committee requested staff to develop language for possible inclusion in the MGRAD reserved sections on signage. Other reserved sections will be addressed when information justifies rulemaking.

SENATOR ANDREWS: For FY 1985 personnel compensation of \$978,394 was requested. Despite no change in the number of compensable workyears, your FY 1985 estimate has now increased by 4.4 percent, to \$1,021,000. What was the cause of this increase?

ANSWER: The increase in personnel compensation can be attributed to the 3.5% pay increase which became effective this past January and some additional promotions and within-grade step increases.

UNIFORM FEDERAL ACCESSIBILITY STANDARD (UFAS)

SENATOR ANDREWS: The standard-setting agencies (DOD, HUD, GSA and the Postal Service) have issued the Uniform Federal Accessibility Standard (UFAS) to implement the August 1982 final rule of minimum guidelines and requirements. Is the final document fully consistent with the minimum guidelines and requirements, as the Board expected it to be?

ANSWER: The final document is consistent with the Minimum Guidelines and Requirements for Accessible Design; however, as with any new document, questions have arisen concerning the interpretation of some of the UFAS sections, especially where different language was used from the MGRAD. The Board will continue to work with the standard-setting agencies to resolve these differences.

SENATOR ANDREWS: The Board indicated that UFAS will address special use areas such as hospitals and recreational areas and that they would review it (and all existing standards along with research, field experience and other information) in developing Subpart E of the Minimum Guidelines and Requirements. Will the publication of UFAS make developing Subpart E unnecessary?

ANSWER: No, the UFAS publication does not affect the Board's responsibility to establish minimum guidelines and requirements for standards issued under the Architectural Barriers Act of 1968. As with other provisions in the Minimum Guidelines and in UFAS, the Board should review existing scoping and technical sections

periodically to determine their effectiveness. Field experience, technology, and research may suggest that a change in these provisions is needed. Moreover, as stated in the preamble to the UFAS, the ATDCB accepted the UFAS standards for specific building types until such time as the Board develops Guidelines for Subpart E.

The special use sections contained in UFAS include restaurants and cafeterias, health care, mercantile, libraries, postal facilities and dwelling units. These sections were based on standards that were in effect at the time UFAS was published. Other special use sections, such as recreation and transportation, have not yet been developed, even for UFAS.

Current Board research projects--especially those on information systems, alarms, and hand anthropometrics--should prove useful in developing these and other special use provisions. The Board's working groups on recreation and transportation and its technical papers planned for FY 1986 on these subjects should also assist the Board in its review of special use facilities.

SENATOR ANDREWS: If information exists to permit the standard-setting agencies to issue standards for special use areas, why isn't enough information available to issue minimum guidelines and requirements for special use areas? Won't UFAS limit the Boards options for Subpart E?

ANSWER: The Board agreed that the special use sections established in the UFAS, which were based on existing standards, should be continued until such time as the Board established guidelines for those areas. The majority of provisions contained in these sections reflect standards or regulations in effect at the time of the publication of UFAS. Rather than reserve the UFAS sections, the Board determined that it was preferable to use existing standards rather than to have no standards at all.

COMPLIANCE AND ENFORCEMENT

SENATOR ANDREWS: The Board carries out its compliance and enforcement function by investigating complaints concerning inaccessible facilities. Unfortunately, such complaints usually occur after a facility has been constructed potentially making compliance very expensive. The Board indicated that requiring the forwarding of plans and specifications for Board review would further the goal of barrier-free construction throughout the government. Why has the Board not attempted to make this a requirement?

ANSWER: The Board's Office of Compliance and Enforcement operates under regulations which do not permit access to plans and specifications unless a complaint has been filed and the information is necessary to ascertain compliance. 36 C.F.R. 1150.41(d). In many cases complaints are received when facilities are still in the design phase and the Board does get to see the plans before construction begins. To ask agencies to forward plans for every single new facility constructed would be very burdensome to both the agency as well as to the ATDCB. However, the Board's Office of Technical Services is available to and often does review plans and specifications submitted by agencies requesting technical assistance. This can occur at any time before, during or after the construction process.

SENATOR ANDREWS: What opportunity do you have for prospective review rather than reactive review?

ANSWER: The Board's compliance regulations provide an opportunity for the Board's Office of Compliance and Enforcement to review plans and specifications only when a complaint has been filed about a facility. Some of these complaints involve buildings still in the design stage. The Board's Office of Technical Services is available to review and provide technical assistance on plans and specifications voluntarily submitted by agencies at any time before, during or after the construction process.

SENATOR ANDREWS: Has the question of when a leased building becomes subject to the standards under the Architectural Barriers Act been resolved by the courts?

ANSWER: The Ninth Circuit Court of Appeals decided the case of Rose et al. v. United States Postal Service (No. 83-5830) on February 16, 1984. In a unanimous decision, the Court of Appeals reversed the District Court's dismissal of the plaintiffs' action to enjoin the United States Postal Service (USPS) from leasing buildings which are inaccessible to handicapped persons and to require the Postal Service to make accessible all buildings leased after January 1, 1977. The court interpreted the 1976 amendments to the Architectural Barriers Act of 1968, 42 U.S.C. §4151 et seq., to prescribe that buildings leased by the Federal government are subject to the Act's standards at the time they are leased, not simply when they are altered. On March 29, 1984, the United States Postal Service filed a Motion for Reconsideration of the decision en banc, but as of March 29, 1985, there has been no ruling on that motion.

SENATOR ANDREWS: How does the Board make its responsibilities known to the general public so they know with whom to file a complaint?

ANSWER: Our bimonthly newsletter, "Access America," carries as a regular feature instructions on how to file a complaint and the status of complaints filed. Articles (including the complaint instructions) from our newsletter are regularly reprinted in other disability publications. Also each year, we staff exhibits and speak at approximately 30 national conventions, including many involving handicapped persons, where we highlight the complaint process specifically.

RENT, COMMUNICATIONS & UTILITIES

SENATOR ANDREWS: The budget justification shows a reduction of \$25,000 for rent, communications and utilities, a 17% decrease. Please provide a breakout of these costs as you did last year.

ANSWER: The breakout for the FY 1986 costs for rent, communications and utilities are:

Rentals:	\$ 71,960
Data equipment -	6,432
Photocopier	19,028
Courier service	5,500
Word processors	25,000
Exhibit rentals	16,000
Communications:	24,820
Telephones	

Utilities:	
Postage	22,100
Totals	\$118,800

SENATOR ANDREWS: Last year, word processor rentals were shown as \$34,000. How many units are rented? Photocopier rentals are \$20,172. Given a staff of 27, that's almost \$2,000 per person for these items. How much would it cost to purchase similar equipment?

ANSWER: In the beginning of FY 1984, the ATBCB rented 4 word processors and 3 printers at a cost of \$2,879 per month. In an endeavor to reduce costs, we located word processing equipment that provides the necessary features at a cost of \$1,800 per month. We are purchasing this new equipment (4 word processors and 4 printers) under a three-year lease/purchase agreement. The \$34,000 spent in FY 1984 includes the rental cost for the old equipment for 6 months and the lease/purchase and installment costs for the new equipment. Although the costs are high initially, the costs will decrease significantly beginning in FY 1987.

In early FY 1985, the ATBCB also acquired 6 word processors under the lease/purchase agreement for use by professional staff. This enables them to input drafts directly into the word processing system, saving much clerical time.

Also, the word processing equipment has computer features which enable staff to prepare spread sheets, charts, and graphs which some of the Board members have requested in order to help them better understand the Board's budget and research activities. These features are also useful in tracking correspondence, inquiries, and other day-to-day activities of the agency.

It would cost a total of \$89,695, including maintenance, if we were to purchase the word processing equipment outright.

The ATBCB is renting a small copier and a high speed heavy duty one. As to purchasing the small copier, we have found rental is more feasible since the copiers break down often and have to be replaced. We have had the heavy duty copier for approximately one year and are considering purchasing it since it has been operating satisfactorily.

The purchase price of the heavy duty copier is \$23,940; the small one is \$8,397.

COMPLAINT TRACKING SYSTEM

SENATOR ANDREWS: The Board has been spending \$8,750 on a complaint tracking system. In FY 1983 it reported receiving 129 complaints. At nearly \$68 a complaint. Isn't this an expensive way to handle a few complaints?

ANSWER: In fiscal year 1983, the Board received 129 complaints and it spent \$8,250 (not \$8,750) on the complaint tracking system. The cost of maintaining each complaint was approximately \$64. Although the Board projected that in fiscal year 1984 it would spend \$8,750 to maintain this system, in fact, only about \$4,930 was spent to handle the 233 complaints received by the Board in fiscal year 1984. The cost per complaint was approximately \$22. The Board recognized that the complaint tracking system was an expensive operation and it sought to streamline its costs and create a more efficient complaint tracking system. For instance, the Board now only generates computer reports on an "as needed" basis. Also, the

Board has greatly reduced the amount of information entered into the computer and is significantly changing the complaint tracking reports so that they will contain only essential complaint data in a readable form. The Board maintains the complaint tracking system on a main frame computer system because the system is able to accommodate numerous complaints, to provide a high level of security, and to compile and retrieve complaint data efficiently.

LACK OF AWARENESS

SENATOR ANDREWS. Many of the complaints that are investigated by the Board demonstrate that there continues to be a lack of understanding of the needs of disabled persons and/or a lack of awareness of the standards required under the Architectural Barriers Act. Has the Board developed any approaches to solve this problem that was indicated last year?

ANSWER: The Architectural Barriers Act (ABA) calls for issuance of standards by four Federal standard-setting agencies: General Services Administration, Department of Housing and Urban Development, Department of Defense, and U.S. Postal Service. From 1968 to 1984, each of these agencies used different standards (see attached chart) and the standards continually changed. Because so many different standards were being used during this period, it is no wonder that the public and Federal agencies were confused as to which standard applied. The Uniform Federal Accessibility Standard (UFAS) which is based on the Board's Minimum Guidelines and Requirements, should help resolve this problem for facilities designed, constructed or altered after August 1984. Awareness of UFAS by Federal agencies and others subject to the ABA is growing. The Board is working with the four standard setting agencies to publicize not only the requirements, but also ways to comply with them. The Board is also working individually with Federal agencies requesting technical assistance in implementing UFAS. In addition, Board staff is raising awareness about barriers and solutions to barrier problems by means of its publications, which include six technical papers and a bimonthly newsletter; by exhibiting at major professional associations (architects, building managers, manufacturers) and consumer conventions and conferences; by responding to several thousand requests for technical assistance each year; and by raising accessibility issues at Board meetings (Board members are prominent private citizens and Level IV or above Federal officials from 11 Federal agencies). In addition, the Board participates in the Interagency Coordinating Council, established in 1978 by section 507 of the Rehabilitation Act, to enhance awareness of other agencies about barriers and solutions to barrier-related problems.

(The information follows)

ARCHITECTURAL BARRIERS ACT STANDARDS APPLICATION

- A. Standards issued by GSA, HUD, DOD, or USPS apply to any building or facility which:**
1. is intended for use by the public;
 2. may result in employment therein of physically handicapped persons; or
 3. may result in residence therein of physically handicapped persons.
- B. And which is:**
1. constructed or altered by or on behalf of the United States;
 2. leased in whole or in part by the United States after August 12, 1968, and before January 1, 1977, after construction or alteration in accordance with plans and specifications of the United States;
 3. leased in whole or in part by the United States on or after January 1, 1977;
 4. financed in whole or in part by a grant or loan by the United States after August 12, 1968, if the buildings may be subject to standards for design, construction, or alteration under the law authorizing the grant or loan; or
 5. constructed under the authority of the National Capital Transportation Act of 1960, the National Capital Transportation Act of 1965, or Title III of the Washington Metropolitan Area Transit Regulation Compact.
- C. The standards do not apply to:**
1. any privately owned residential structure unless it is leased by the Federal Government on or after January 1, 1977, for subsidized housing programs; or
 2. any building or facility on a military installation designed and constructed primarily for use by able-bodied military personnel (e.g., unaccompanied personnel housing, closed messes, vehicle and aircraft maintenance facilities). This exclusion does not apply to those portions of a building or facility which may be used by the public during the conduct of normal business or which may be used by physically handicapped persons employed or seeking employment at such facilities.



ARCHITECTURAL BARRIERS ACT STANDARDS 1968 to 1994

9/2/69	ANSI A117.1-1961 (R1971)		10/14/80	GSA INTERIM	7/31/84	UFAS
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GSA

9/26/69	ANSI A117.1-1961 (R1971)				10/4/84	UFAS
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HUD

9/21/69	INCLEAR	10/1/72	10/10/75	6/1/78	9/9/80	12/15/83	8/7/84	UFAS
DOD 4270.1 - M CONSTRUCTION CRITERIA								UFAS

DOD

9/2/69	ANSI A117.1-1961	1/9/71	10/18/76	6/28/77	11/79	8/7/84	UFAS
USPS FACILITIES EXEMPTED FROM ABA							USPS STANDARDS
USPS INTERIM							USPS

USPS

*ISSUED UFAS BUT HAS NOT YET INCORPORATED IT AS PART OF ITS DIRECTIVES OR POLICIES/STANDARDS.

DATE: DECEMBER 10, 1984

Date: December 10, 1984

ARCHITECTURAL BARRIERS ACT STANDARDS 1968 TO 1984

GENERAL SERVICES ADMINISTRATION (GSA)

9/2/69 - 10/13/80	ANSI A117.1 1961 (R1971)	41 CFR 101-17.7 (9/2/69-7/1/74) 41 CFR 101-19.6 (7/1/74-present)
10/14/80 - 7/30/84	GSA Accommodations for the Physically Handicapped; Temporary Regulations	41 CFR 101-19.6
7/31/84 - Present	Uniform Federal Accessibility Standard (UFAS)	41 CFR 101-19.6

HOUSING AND URBAN DEVELOPMENT (HUD)

9/24/69 - 10/3/84	ANSI A117.1 1961 (R1971)	24 CFR Part 40
10/4/84 - Present	UFAS	24 CFR Part 40

DEPARTMENT OF DEFENSE (DOD)

Fall 1968 - 9/30/72	Unclear what standard applied	
10/1/72 - 10/9/75	DOD 4270.1-M Construction Criteria 10/1/72	
10/10/75 - 5/31/78	Amendments by memorandum to DOD 4270.1-M 10/10/75	
6/1/78 - 9/8/80	Revised DOD 4270.1-M 6/1/78	
9/9/80 - 12/14/83	Revised DOD 4270.1-M 9/80	
12/15/83 - Present	Revised DOD 4270.1-M 12/15/83	
8/7/84	DOD issued UFAS but has not yet incorporated it as a DOD directive	

UNITED STATES POSTAL SERVICE (USPS)

9/2/69 - 1/8/71	ANSI A117.1 1961	
1/9/71 - 10/17/76	Postal facilities were exempted from Architectural Barriers Act	Pub. L. 94-541 Title II §203 39 USC 410(b)(8)
10/18/76 - 6/27/77	ANSI A117 1961 (R1971)	
6/28/77 - 11/79	Interim Standards for Facility Accessibility by the Physically Handicapped	Handbook RE-4
11/79 - 11/15/84	Standards for Facility Accessibility by the Physically Handicapped,	Handbook RE-4 Nov. 1979, 39 CFR 601.100
11/15/84 to Present	Interim Standards for Facility Accessibility by the Physically Handicapped, incorporating UFAS	49 FR 31625 (Aug. 7, 1984)

INTERAGENCY COORDINATING COUNCIL

SENATOR ANDREWS: Section 507 of the Rehabilitation Act establishes an Interagency Coordinating Council to coordinate the efforts of various Federal agencies in carrying out the provisions of the Act and to make recommendations to Congress. Have there been monthly meetings, as you planned, and have any recommendations been provided to Congress? If not, why not?

ANSWER: The Board is one of several agency members of the Interagency Coordinating Council which is chaired by the Department of Justice. The Department of Justice plans and schedules all Council meetings. With a few exceptions, the Council has been meeting monthly to address coordination of efforts and issues between agencies responsible for administering programs under Title V of the Rehabilitation Act. Since the primary purpose and focus of the Council is to enhance coordination between agencies in areas of shared responsibility, there has not been a concentration on developing recommendations to Congress. Annual reports of activities have, however, been provided to Congress.

TRANSPORTATION

SENATOR ANDREWS: Has the Board completed updating the manual originally published by the Urban Mass Transportation Administration providing guidelines for the design and construction of new fixed-guideway transit systems?

ANSWER: The update of the Design Guidelines Manual for Fixed Guideway Transit System is in the final stages. A draft of the Introduction and Executive Summary is expected to be reviewed by the Board's Transportation Committee at the May Board meeting. The final document, incorporating Board comments, is expected to be considered at the July Board meeting. If approved, publication is expected prior to the end of the fiscal year.

SENATOR ANDREWS: Does the manual include standards for rolling stock? For example, will railcars that have entrances higher than the platform be permitted, as was mentioned last year with reference to the Washington Metro? Why or why not?

ANSWER: The manual is intended as a design guideline and is not a regulatory document. The manual will address the need for coordination between platforms and vehicles and will reference standards and recommendations which may or may not be required, depending, for example, on funding, state or local laws, or design constraints by the administrative authority having project jurisdiction.

In regard to the Washington Metro, we were very happy to hear WMATA testify before your Subcommittee that it had taken corrective action to eliminate the vehicle height problem. While we are encouraged by the testimony given by WMATA, the vehicle to platform height continues to be a problem at least on some cars. We are monitoring this situation and if problems persist, we will discuss them with WMATA representatives.

SENATOR ANDREWS: Does the manual address wheelchair lifts used on transit facilities?

ANSWER: The manual is concerned only with access to, and use of, fixed-guideway transit systems with level boarding, such as subways and people movers. Some aspects of wheelchair lifts for

transit buses are to be addressed in the FY 1986 research/technical assistance agenda item on that subject.

SENATOR ANDREWS: The Board was scheduled to complete a paper on the "Downtown People Mover". Were the results of this paper used in the manual? Are they being used by DOT or by Miami and Detroit where DPMs are under construction?

ANSWER: The "Downtown People Mover" paper is, in effect, the introduction to the design guidelines manual and is based on research originally performed for the Department of Transportation's Urban Mass Transportation Administration. The original research report was made available to the Miami and Detroit systems. The purpose of the original and updated documents is to outline a variety of requirements and recommendations from several sources so that designers can trace which are required by a particular project. Many of the design solutions presented in the manual were, therefore, incorporated in the Miami and Detroit projects. However, the Board hasn't conducted a review of those systems to determine what specific designs were incorporated.

SENATOR ANDREWS: The Board indicated that it did not comment on the proposed DOT rules requiring mass transportation systems to provide comparable service to handicapped users. The reason given was that the comment period didn't "dovetail with our meeting schedule" despite an extension. Did the Board ask for an additional extension?

ANSWER: The Board staff developed a detailed analysis of the proposed rule for discussion by the Board's Transportation Committee. Since the Department of Transportation (DOT) is a member of that Committee, the staff comments have been considered by DOT. The Transportation Committee did not recommend that the full Board develop comments so an additional extension was not requested.

SENATOR ANDREWS: Did the Board send DOT formal comments for the record?

ANSWER: The Board's Transportation Committee did not recommend that the Board submit formal comments in light of the fact that the issues raised by the staff comments were presented to the Department of Transportation through the Committee.

SENATOR ANDREWS: Does the Board have formal comments on the proposed rule?

ANSWER: The Board did not develop formal comments on the proposed rule.

SENATOR ANDREWS: Does the large size of the Board and the two month period between meetings cause problems in carrying out the Board's functions?

ANSWER: The size of the Board does not cause major problems. Though costly to maintain because of its large size, the 22-member ATBCB does provide maximum opportunity for a wide range of consumer and Federal representation through its eleven public members and the eleven major government property holding agencies.

To date, the ATBCB has not identified any problems with the two month period between meetings. Recently, the Board considered reducing the number of meetings per year, but no action was taken on this issue.

SENATOR ANDREWS: When did the Board consider and approve the FY 1986 budget request?

ANSWER: The Board discussed the FY 1986 budget request at both the July and September 1984 Board meetings. The final budget request was approved by the Board at its meeting on September 11, 1984.

QUESTIONS SUBMITTED BY SENATOR CHILES

UNIFORM ACCESSIBILITY STANDARD

SENATOR CHILES: I understand that after a lengthy effort, the four Federal standard-prescribing agencies - GSA, The Postal Service, DOD and HUD--have finally established a Uniform Federal Accessibility Standard (UFAS). When did this officially take place and what benefits do you expect from this uniform standard? Are there other areas which should now become a priority for a common approach from all four agencies?

ANSWER: The four agencies published UFAS on August 7, 1984. GSA revised its regulations so that the UFAS was adopted at its standard for buildings designed, constructed or altered on or after July 31, 1984. UFAS became effective for HUD on October 4, 1985. USPS adopted UFAS as an interim standard on Nov 15, 1984. DOD has not yet acted on the UFAS and is officially still using earlier standards.

A uniform standard has many benefits. Practitioners, including architects and engineers, are the major beneficiaries. One set of access standards can now be used when designing, constructing, and altering buildings required to be accessible by the Architectural Barriers Act. Having one standard also allows technical staff of all four agencies, plus those on the Board staff, to concentrate upon solution of common problems; this is expected to reduce the time required to solve these problems. One set of standards also helps consumers, who now need only ask: "Does this facility meet the standard?" Consumers previously had to know something about each of four standards in order to determine whether or not they could use a given facility; now, familiarity with UFAS will help them make those decisions.

As for other areas that should now become priorities, full implementation and enforcement of UFAS clearly is a strong candidate, not only for the four standard-setting agencies but also for the Board itself and for other Federal agencies. Record-keeping by Federal agencies does not now suffice to permit the Board, or other entities, to monitor progress toward making the Federal Government more accessible; few agencies track their buildings according to accessibility features so as to be able to provide, quickly and accurately, the information needed to determine whether more of their buildings were accessible at, say, the end of 1984 as opposed to the end of 1982. The Board is acting to provide technical assistance to any Federal agency who requests assistance on implementation of UFAS.

LONG-RANGE GOALS

SENATOR CHILES: The major research effort of the Board has been to develop research related to the "reserved areas" of the

minimum guidelines and requirements. With the stringent budget restraints facing Federal agencies for the foreseeable future, it seems certain that no significant increases in funding will be available in the next few years. Could you outline how the Board would focus its attention over the next several years in this fiscal environment? Given these restraints, what time frame do you foresee for completion of the remaining work connected with the minimum guidelines and requirements?

ANSWER: The Board will continue to focus its attention in four major areas: compliance and enforcement, technical assistance, research, and completing the reserved sections and special use areas of the Board's Minimum Guidelines and Requirements for Accessible Design. The Board will continue its present compliance and enforcement efforts of securing voluntary corrective action wherever possible, and of responding to requests for technical information through use of its resource files, library, technical publications and presentations to various organizations. Given the general fiscal situation, research and technical assistance projects are likely to continue to progress at an average rate of one major research contract and one to three technical papers annually.

At the present time, there are fourteen sections of the Minimum Guidelines and Requirements that have one or more paragraphs reserved. Fourteen other sections have one or more paragraphs identified as needing additional information. At this point in time, it is impossible to predict the time frame and the exact number of projects that will be needed to answer the numerous questions raised by these provisions since many of this provisions have some overlap and all involve complex questions. As with the guidelines themselves, no research agenda can be expected to remain unchanged. Building materials, technology, methodology, cost, and other variables change, producing a need to reevaluate research needs as well as existing standards. We have attached for your information our best estimate of our upcoming work relating to the Minimum Guidelines and Requirements.

(The information follows)

MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN:
RESEARCH AND RULEMAKING SCHEDULE

SUBJECT	MCRAD SECTION	TITLE	SCHEDULED RESEARCH/COMPLETION DATES	SCHEDULE OF PROJECTED RULEMAKING
WINDOWS	\$1190.31(j)	New construction - windows	Technical paper: Windows/ FY 1983 & 1984	To be scheduled when research has been completed.
	\$1190.31(j)	Windows	Research - Phase 1: Hand Anthropometrics/FY 1986	
	Subpart E	Residential structures - windows	Research - Phase 2: Closure and opening forces/unscheduled	
SIGNAGE	\$1190.31(p)	New construction - signage	Technical paper: Orientation and Wayfinding/FY 1983 & 1984	FY 1986 - begin rulemaking on signage.
	\$1190.31(q)(3)	New construction - telephone signage	Workshops FY 1984 & 1985	
	\$1190.32(f)	Additions - signage	Research - Lab testing tactile signs/ FY 1984 & 1985	
	\$1190.33(a)(4)	Alterations - signage	Research - Lab testing visual signs/ FY 1986 & 1987	
	\$1190.60(f)	Parking & Passenger Loading Zones - signage	Research - Lab testing audio signals/ FY 1986 & 1987	
			Research - Lab testing maps/ unscheduled	
	\$1190.100(h)(2)	Elevators - size of visual indicators	Research - Field testing tactile signs/ unscheduled	
	\$1190.100(j)(2)	Elevators - intercommunication system	Research - Field testing visual signs/ unscheduled	
	\$1190.150(d)	Toilet & Bathing Facilities - signage	Research - Field testing audio signals/ unscheduled	
	\$1190.100(d)(3)(v)	Elevators - control button characters	Research - Field testing maps/ unscheduled	
	\$1190.100(e)	Elevators - door jamb markings	Research - Field testing information systems/unscheduled	
	\$1190.31(o)	New construction - tactile warnings	Technical paper: Orientation and Wayfinding/FY 1983 & 1984	
	\$1190.50(i)	Walks, Floors, Accessible Routes - ground and floor surface treatments	Research: Detectable tactile surface treatments lab & field testing/ FY 1984 & 1985	
SURFACE TREATMENTS	\$1190.50(i)(3)	Walks, Floors, Accessible Routes - carpeting	Research: Field testing information systems/FY 1986 & 1987	FY 1986 - begin rulemaking on tactile surface treatments.
	\$1190.70(e)	Ramps & Curb Ramps - warning textures	Research: Visual cues/FY 1987 or 1988	
	\$1190.80(f)	Stairs - tactile warnings	Research: Resistance/FY 1987 or 1988	
	\$1190.190	Tactile warnings	Research: Warning resistance/FY 1987 or 1988	

SUBJECT	MCRAD SECTION	TITLE	SCHEDULED RES. RCN/COMPLETION DATES	SCHEDULE OF PROJECTED RULEMAKING
CONTROLS AND OPERATING MECHANISMS			Technical Paper: Hand Anthropometrics/ Research: H. Anthropometrics/ FY 1986	FY 1986 - begin rulemaking on controls and operating mechanisms.
	\$1190.130(f)	Doors: hardware		
	\$1190.140	Windows: hardware		
	\$1190.90	Handrails		
	\$1190.100(f)(iv)	Elevators - lobby call buttons		
	\$1190.110(b)(2)	Platform lifts - controls		
	\$1190.150(e)(1)(w)	Toilet & Bathing Facilities - toilet paper dispensers		
	\$1190.150(f)(4)	Toilet & Bathing Facilities - faucets		
	\$1190.150(g)	Toilet & Bathing Facilities - grab bars		
	\$1190.150(e)(2)(iv)	Toilet & Bathing Facilities - door hardware		
	\$1190.150(e)(3)(iii)	Toilet & Bathing Facilities - controls for urinals and water closets		
	\$1190.150(e)(4)(iv)	Toilet & Bathing Facilities - controls for lavatories and sinks		
	\$1190.150(e)(6)	Toilet & Bathing Facilities - controls, dispensers or other equipment		
	\$1190.160(d)	Drinking Fountains and Water Coolers - controls		
	\$1190.170	Controls and Operating Mechanisms		
	\$1190.180	Alarms - pull stations		
ALARMS	\$1190.50(h)	Walks, Floors, Accessible Routes - egress	Technical paper: Alarms/FY 1984 Research: Alarms documentation project/FY 1986	To be scheduled when research has been completed.
	\$1190.180(b)	Alarms - audible	Research: Alarms - visual/FY 1987 or 1988	
	\$1190.180(c)	Alarms - visual and other sensory alarms	Research: Alarms - Audible/unscheduled	

SUBJECT	MGRAD SECTION	TITLE	SCHEDULED RES' RCH/COMPLETION DATES	SCHEDULE OF PROJECTED RULEMAKING
DOORS	\$1190.130(f)	Doors - hardware	Research paper - NBS/FY 1981 Technical paper - band anthropometrics/FY 1983 & 1984 Research: Closing and opening forces/ FY 1987	To be scheduled when research has been completed.
	\$1190.130(h)(11) & (111)	Doors - closure and opening forces		
TELEPHONES	\$1190.31(q)	New construction - telephones	Research: TDDs/FY 1984	FY 1986
	\$1190.210(d)	Telephones - equipment characteristics		
ELEVATORS	\$1190.100(c)(2)	Elevators - door timing	To be scheduled when research has been completed.	unscheduled
PLATFORM LIFTS	\$1190.100(b)(3)	Platform lifts - safety requirements	unscheduled	unscheduled
SPECIAL USE SECTIONS	Subpart E	Residential structures	Working Group Recreation/FY 1986 Technical paper - Recreation/FY 1986	unscheduled
		Recreation facilities		
		Historic structures		
		Hospitals		
		Food Service Facilities		
		Library Stacks		
		Garages - vertical clearance		
		Transportation		

SUBJECT	MGRAD SECTION	TITLE	SCHEDULED RESEARCH/COMPLETION DATES	SCHEDULE OF PROJECTED RULEMAKING
HUMAN DATA	§1190.40	Blind and visually impaired persons Children Deaf and hearing impaired persons Developmentally, neurologically learning impaired persons Dexterity impaired persons Elderly persons Lower torso mobility impaired persons Upper mobility impaired persons Short stature persons Verbal communications impaired persons	unscheduled	unscheduled

GROWTH IN COMPLAINTS

SENATOR CHILES: You note that in FY 1984 you received 233 complaints, an increase of 80% over FY 1983. What factors do you believe have led to this increase? Does this greater number of complaints indicate specific problem areas of which the Board was previously unaware? Has the increase caused backlogs in the compliance area? What is the average time for the resolution of a complaint?

ANSWER: It is our belief that the increase in complaints is due primarily to increased citizen knowledge about legal requirements for accessible design and about the Board and its compliance process. Further, the Architectural Barriers Act has now been in effect for over sixteen years, requiring that covered buildings designed, constructed and altered since that time comply with accessible design standards. As time passes and new buildings are built and old ones are altered, more and more buildings are subject to accessible design requirements. This increase in the number of covered buildings may also contribute to the increased number of complaints. We do not believe that the increased number of complaints is indicative of specific problems of which the Board was previously unaware.

The increase in the number of complaints did initially cause some delays in complaint processing, a problem compounded by the fact that the Compliance and Enforcement Division was not fully staffed for a period of time. However, the division is now fully staffed and has also streamlined complaint procedures, with the result that the backlog has been substantially reduced.

In response to the query about the average time for the resolution of a complaint, it is important to note that this time can vary significantly depending on the type of complaint and the issues involved. For instance, a complaint in which there is no jurisdiction can be closed as soon as jurisdictional information is ascertained, while a detailed factual investigation of a complaint in which there is jurisdiction could require a longer period of time. The complaints received in FY 1984 which have been closed took an average of 5.2 months to close.

STANDARDS FOR AIRLINE BOARDING CHAIRS

SENATOR CHILES: Last year's testimony raised a serious issue with respect to the apparent lack of standards for boarding chairs used by the airlines for handicapped persons. Has the Board taken action to remedy this serious deficiency?

ANSWER: The Board named the boarding chair issue as a high priority and included the development of specifications for these chairs as part of its research and technical assistance agenda for FY 1985. In April 1984, the Board created a working group on air travel barriers composed of the Civil Aeronautics Board, Department of Justice, Veterans Administration, and Department of Transportation including its Federal Aviation Administration. One of the primary purposes of this working group was to discuss solutions to the boarding chair problem. The working group, in conjunction with the Board's Transportation Committee, assisted in the development of a notice on "Advisory Standards for Chairs Used Primarily for

SUBCOMMITTEE RECESS

Senator ANDREWS. The subcommittee will stand in recess until Thursday, March 28. We will meet on the ICC at 10 a.m.

[Whereupon, at 11:43 a.m., Thursday, March 21, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 28.]

Enplaning and Deplaning Physically Handicapped Passengers: Invitation for Public Comment" published in the Federal Register September 14, 1984 (49 Fed. Reg. 36210). A total of 188 comments were filed in the official docket. A preliminary analysis of those comments was provided to the Board's Transportation Committee at the March 1985 meeting and is attached for your information. The Board intends to use the results as a basis for developing an advisory standard.

In addition, the working group had suggested the possibility of the Board creating a Federal Advisory Committee to provide input from the private sector including air carriers, airport operators, chair designers and manufacturers, and disabled consumers. The Board will address this issue at its May meeting. In the meantime, the Board has begun working with the National Transportation Facilitation Committee as another source of input from the private sector.

SECTION 504 REGULATIONS

SENATOR CHILES: Under section 504 of the Rehabilitation Act of 1973, most agencies are to develop regulations providing for the accessibility of their programs to the handicapped. This provision would seem to present problems of coordination and overlap with the standards and activities of the Board.

What has been the Board's experience with the section 504 procedures? To what extent are agencies consulting with the Board in preparation of their 504 regulations?

Has the complaint process which can trigger the Board's enforcement activities been affected by section 504 procedures?

ANSWER: The Board has not yet had any experience with section 504 procedures since most agencies do not yet have final section 504 rules for their federally conducted programs. The Department of Justice consulted with the Board in development of its prototype section 504 regulations, which approximately 90 agencies will use as a guideline in developing their own 504 regulations. As yet, individual agencies have not consulted with the Board.

The Board's complaint process has not yet been affected by section 504 procedures. Board representatives have been meeting with the Department of Justice to work out procedures to accommodate any overlap and coordination problems. The issue is scheduled for discussion at the May meeting of the Compliance and Enforcement Committee.

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